STOCKHOLM SCHOOL OF ECONOMICS
Master Thesis in Management, 30 ECTS
Spring 2014

Leadership in Tech Startups

An Explorative Multi-Case Study on the Enactment, Distribution, and Evolution of Leadership in Five Swedish Companies

ABSTRACT

This thesis examines the research question: *How is leadership evolved, enacted and distributed in tech startups?* Tech startups, defined as newly established companies developing and commercializing online solutions and aiming at international markets, is an important and growing phenomenon globally as well as in Sweden. The failure rate among these companies is however high and one factor reported to lead to failure is fallacies of leadership. As there is a dearth of studies on leadership in small companies in general, and in tech startups in particular, research is needed to acquire knowledge of how these companies are led and on how their leadership may be improved. This study takes an explorative and qualitative approach on the basis of a multi-case study of five tech startups in Stockholm, Sweden. Some main contributions of the paper are: an increased empirical understanding of how leadership evolves in tech startups, how leadership is enacted and distributed within these companies and how the crisis of leadership may be addressed in tech startups; the conclusion that a crisis of leadership may take place in companies founded and led by entrepreneurial teams; and the conclusion that transitions between development phases may take place smoothly in a tech startup due to a certain leadership from the executive level. There are, furthermore, different types of leadership crises reported in the thesis.

Key Words: Tech Startups, Leadership, Leadership Crisis, Distribution, Stockholm

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Word Count: 19 883

ACKNOWLEDGEMENTS

First we would like to thank our supervisor Frida Pemer for providing us with valuable guidance and feedback from day one and helping us to understand the research process.

We would like to thank the case companies that participated in our study. In particular all the interviewees who set aside time from their busy days to answer our sometimes difficult questions, and doing so with great enthusiasm. It has been a great learning experience to meet all of you, and we could not have done this study without your involvement and contributions.

Last but not least, we want to thank our friends and family who supported us throughout the writing process. In particular, we want to thank Alexander, Erika, Kim, Lukas, and Pieter for your important comments and help.

Stockholm,
May 19th, 2014

Nina Gyllström & Nipasi Siddique

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1. INTRODUCTION

1.1 Background

The creation of new companies plays an important role in today's economy (Quader, 2007). They have a major role in introducing innovative products and services (Braunerhjelm et al., 2010), and are further seen as the foundation for the economic success of a country (Schumpeter, 1934; Shane and Venkataraman, 1997). Startups do not only serve as a platform for job creation, especially in times where there is financial turbulence. They also play a part in developing and building markets central to any economy's proper functioning (Sarasvathy and Dew, 2005; Santos and Eisenhart, 2009), further enhancing their importance in today's business climate.

1.1.2 Tech[1] and Startups

Software development in the US alone is a 1.6 trillion dollar industry (Adolph et al., 2012) and lately a trend towards the creation of tech startups has emerged. These startups are growing in number due to emerging technologies such as increased use of smartphones, cloud infrastructure and development tools for web that have made it both easier and quicker to start the development of a tech idea (Björk et al., 2013). Furthermore, the internet itself is the fastest growing channel for communication worldwide and is part of everyday life for as many as 1.7 billion users (International Telecommunication Union, 2013). Hence, the large number of tech startups should not to be seen as a bubble, as during the dotcom boom in 1999. It is a movement that is not set to run out of steam anytime soon; opportunities for startups will only continue to grow because of the increasing spread and development of digital technology (The Economist, 2014).

In the case of Sweden, it was during the late 19th century that the importance of new venture creation and innovation increased, and this is considered to form the backbone of the strong economic growth and high welfare of the country (Braunerhjelm et al., 2011). Swedish tech startups today have a good position when it comes to attracting investors, and during the last decade Swedish companies have attracted more venture capital than their counterparts in most other countries in Europe according to statistics from Dow Jones (Svenska Dagbladet, 2014). Stockholm, the capital, is furthermore often ranked among Europe's "hottest" tech startup cities (e.g. The Guardian, 2013; Wired Magazine, 2013), with widely recognized and internationally

[1] The term "tech" is used throughout the thesis as short for "Technology". See Chapter 1.4 for further elaboration and precise definition

successful tech startups such as King, Klarna, Spotify, and Wrapp that have been founded here.

1.1.2.1 Survival Struggles

Only a fraction of all startups survive the startup phase. As per today the success-to-failure ratio for startups is around 1 to 58 (Mullins and Komisar, 2009). Several authors state that the high rate of failure is not only connected to intense competition, but also closely related to how startups are led (eg. Blank, 2007; Maurya, 2012; Ries, 2011). Demonstrating skilled leadership is, furthermore, crucial for a startup seeking funding, as external investments are made not only in the idea, but in the people and leaders behind it[2]. As entrepreneurship and the creation of innovative companies are central for the success of an economy, and leadership often is key for success, the understanding of the leadership process in a startup is essential.

1.1.3 Leadership and Tech Startups

There is a dearth of research that explores leadership in its context generally (Currie et al., 2009; Liden and Antonakis, 2009), and particularly within the context of small- and medium-sized companies (Cope et. al., 2011). Research where startups make up the focal point has mainly been conducted within the research field of Entrepreneurship, and Leadership as such has seldom been the subject of empirical research in small companies (Palmgren, 2010). In entrepreneurial research, which has mainly been conducted within a quantitative paradigm (Cope, 2005a), the focus has largely been on characteristics of the entrepreneurs as individuals (Cogliser and Brigham, 2004). The concept of leadership as a whole is however concerned with the process of influence (Hunt, 2004) and is a much more complex phenomenon which involves the entire organization and its environment (Cogliser and Brigham, 2004). Hence, it cannot be reduced to the particular traits of one individual at the helm. Scholars are on this basis calling for qualitative research on leadership in small companies that include the lived experience of both entrepreneurs and employees (Cope et. al., 2011). Other researchers, such as Porter and McLaughlin (2006), call for research that sheds more light on the context's influence on leadership. We have, furthermore, not been able to find any qualitative research focusing on the process of leadership in tech startups specifically.

In summary, it is clear that research in the field of Leadership in tech startups will be valuable, particularly if qualitative research methods are used.

[2] Kihlberg, Thor, Investment Manager at Almi. See interview details in Appendices 8.2

1.2 Purpose and Research Question

Against this background, the purpose of this study is to contribute to theory development within the area of leadership in startups, which will be done through conducting empirical studies.

Our research question is:
How is leadership evolved, enacted, and distributed in tech startups?

The research question is then operationalized through division into two sub questions:
How does leadership evolve in tech startups?
How is leadership enacted and distributed in tech startups?

1.3 Cases Studied

In order to answer the research question, five tech startups founded and based in Stockholm have been studied. The selection of cases was made with the aim to find companies that are recognized as startups by experts and media, and marketing their products in multiple countries (see Chapter 3.1.5). As the topic of research may involve analysis of sensitive information, all participating individuals and companies have been promised confidentiality and been anonymized in this report.

1.4 Definitions

In the field of Leadership[3] research, the definitions of particular phenomena can widely differ depending on e.g. what aspects that the particular author values, or what school of thought they subscribe to. In this section, terms central to our thesis are outlined:

Startup

We will use the term "startup" in this thesis to denote the type of organizations that our research subjects are. There is no clear consensus in regards to the definition of what constitutes a startup. Researchers interpret the concept in different ways. However, a startup is widely described as a type of small or medium sized business that has recently been founded and often is growing rapidly. The size and age of a company are not necessarily determining factors of whether a company is a startup or not. The term startup has been applied to companies with up to 150 employees and no older than 10 years of age (Davila and Foster, 2005; 2007). Other

[3] For discussion on Leadership definitions, and the definition we use throughout the thesis; see Chapter 2.1 in the Literature Review

research reports have used the word startup as a general name for fast-growing firms without having a clearer definition (Davila et al., 2009).

Tech and Tech Startups

The term "tech startup", where "tech" stands for technology, is broad and includes varying industries and business models. In this study we define a tech startup as a technology based company that develops and sells online-solutions to consumers and/or business clients, and has internet as a core component in its business model.

1.5 Delimitations

As previously stated, tech startups include a broad range of companies, while this study solely contains companies that match our definition of tech startups stated in the previous section. This is to ensure that the companies chosen are reasonably close to each other regarding business models and processes, which will decrease the risk that research findings depend on variances in these respects.

The case companies included in the research are all founded in and have their headquarters in Stockholm, Sweden. This selection was made to ensure that the results were not determined by different cultural influences, which may occur if we researched companies from different countries. Stockholm is viewed as an important and rapidly growing hub for tech startups[4][5], which provides another motive to limit the research to companies founded and based in this city.

Furthermore, as the evolvement of leadership is in focus in our study, we have ensured that the companies have not been involved in any mergers or acquisitions, as this could have changed the dynamics of leadership.

[4] Stark, Jessica, CEO at the tech startup incubator Sup46. See interview details in Appendices 8.2
[5] Carl Wessberg, Vice President at GP Bullhound. See interview details in Appendices 8.2

1.6 Thesis Outline

The next chapter reviews the literature within leadership and organizational research that is relevant to the study; second, the definition of leadership is further elaborated on; third, the gap in the research at hand is identified; and finally these different parts are linked together by a presentation of the theoretical framework that will serve as a lens through which our empirical findings are studied and analyzed (Chapter 2).

The following chapter presents our research approach, methodological choices and research procedures, as well as a discussion of the reflexivity, reliability and validity of the study (Chapter 3). Chapter 4 presents the empirical findings and analysis. The conclusions of the study are then presented (Chapter 5), and finally discussed regarding empirical, theoretical and managerial contributions of our study and the implications for further research (Chapter 6).

2. LITERATURE REVIEW

This chapter begins by defining the concept of Leadership (section 2.1). This is followed by a brief Overview of Leadership Research (section 2.2). The different Perspectives on Leadership being important to our study will then be presented (section 2.3), and a Research Gap is highlighted (section 2.4). Finally, these different themes are linked together by presenting our Theoretical Framework (section 2.5).

2.1 Defining Leadership

Although comprehensive leadership research has taken place for decades, leadership is still a challenging concept to define as there are many varieties of definitions (Parry and Bryman, 2006). However, leadership, in general, involves influencing the activities of an organized group toward goal achievement (House et al., 2002; Rouch and Behling, 1984), differing from management, which is focused on coordination and planning (Michael et al., 2002; Zaleznik 1977).

A classic definition of leadership is formulated by Stogdill (1950, p.4):

"*Leadership may be considered as the process (act) of influencing activities of an organized group in its efforts toward goal setting and goal achievement.*"

This definition states that leadership is a *process* in an organization that is about influencing its goal setting and how these goals are to be achieved. With this definition, leadership can be exercised by formal leaders or be distributed among all members of an organization. To make it quite explicit that leadership at its core also is about *interpersonal relations* (Uhl-Bien, 2006), we would like to add the word "social" before "process" in Stogdill's statement. Leadership looked through the lens of relations emphasizes process and context to 'leader-follower'-relations: *"A focus that leadership is relational and cannot be captured by an examination of individual attributes alone"* (Uhl-Bien, 2006, p.671).

Following Stogdill's definition with the above addition, our definition of Leadership in this study is:

"Leadership is the social process of influencing activities of an organized group in its efforts toward goal setting and goal achievement."

This definition mirrors our view of leadership and is intended to be broad enough to include an array of possible aspects of leadership that could emerge in our study, e.g. importance of leaders'

individual characteristics, leadership styles, different leadership activities, and distribution of leadership in an organization.

2.2 A Brief Overview of Leadership Research

The research on leadership can be divided into five main stages: the The Trait Approach, the Style Approach, the Contingency Approach, the New Leadership Approach, and the Post-Charismatic and Post-Transformational Leadership Approach, each of them characterized by an emphasis on the contemporary approach rather, than the expiry of the previous ones (Parry and Bryman, 2006).

The Trait Approach focuses on the personal qualities and characteristics of leaders. It implies that leaders are born rather than made, was most influential until the late 1940s but has had a renaissance during recent years. (ibid.)

The research concentrating on the characteristics of leaders was followed by interest in the styles and behaviours of leaders. While the Trait Approach drew attention to what type of persons were selected for leadership positions, the Style Approach shifted researchers' focus to training rather than the selection of leaders. (ibid.)

During the late 1960s there was a main drift in leadership research towards contingency models of leadership. The Contingency Approach, sought to specify situational variables influencing the effectiveness of leadership, such as leader-follower relations, task structure, and position power. (ibid.)

In the early 1980s a number of approaches, categorized as The New Leadership Approach emerged, signalling a new way of conceptualizing and researching leadership (Parry and Bryman, 2006). This approach portraits leaders as managers of meaning and writers used a variety of terms to describe the new types of leadership; e.g. Transformational Leadership (Bass, 1985; Tichy and Devanna, 1986), Visionary Leadership (Sashkin 1988; Westley and Mintzberg, 1989), and Charismatic Leadership (House, 1977; Conger, 1989). The leader was someone who defined organization reality through communicating vision, mission, and the values supporting it. A separate tradition also emerged, Distributed Leadership[6], focusing on distribution of leadership in organizations rather than a "lone hero"-leader, to the extent that not only managers but also followers can become leaders depending on e.g. situation and competence (Burns 1978; Parry and Bryman, 2006).

[6] 'Distributed leadership' is primarily concerned with mobilizing leadership at all levels in the organization and not just relying on leadership from the top.

During the late 1990s, the Post-charismatic and Post-transformational Leadership approach emerged (Storey, 2004; Parry and Bryman, 2006). This approach recognized a trend towards increasingly distributed patterns of leadership combined with worries of narcissistic and pseudo-transformational leaders and the darker side of charisma (Storey, 2004). Leadership concepts emerged containing distributed leadership in teams, and learning from experience and failure. Leadership practice was made more public and open to challenge and testing (Fullan, 2001). Failures of corporate leadership around the turn of the century helped to promote these ideas (Parry and Bryman, 2006). The movement away from transformational and charismatic leadership also led to an interest in spirituality of leadership (e.g. Parry and Bryman, 2006; Sass, 2000; Fry, 2003) and a trend to examine leadership more as an art than a science (e.g. Parry and Bryman, 2006; Grint, 2000; Rosener, 1997).

Other important focuses in leadership research from the 1980s and forward have been e.g. the connections between leadership and organization culture, and between gender and leadership (Parry and Bryman, 2006).

2.3 Important Perspectives on Leadership

2.3.1 Context and Leadership

The organizational context of a leadership process influences its emerging patterns of leadership (Jackson and Parry, 2010). One of the reasons is that context is difficult to pin down and measure (Porter and McLaughlin, 2006).

Scholars tend to emphasise seven influential aspects of organizational context that influence leadership; a) the goals and purpose of the organization, b) the composition of its people, e.g. demography and education, c) the core processes of the organization, e.g. governance and technologies, d) the state/condition of the organization, e.g. successfulness, e) time, e.g. stage in lifecycle, f) structure, e.g. size and spatial distances, g) and its culture/climate, e.g. values and norms. (Jackson and Parry, 2010)

2.3.2 Culture and Leadership

Leadership research has traditionally been American-based. The interest for leadership has however grown throughout the rest of the world, revealing contributions but also limitations in the applicability and relevance to other national and local contexts (Jackson and Parry, 2010). In this study we seek to control cultural variability by limiting our empirical research to a specific cultural context, companies based in the Stockholm-region. The fact that our theoretical

framework is mainly developed in an American context may still influence the results of our research, e.g. through the selection of dimensions the framework is focusing on.

2.3.3 Tech and Leadership

E-commerce[7], a category of business included in what we define as tech, was found to be a business context characterized by speed, ambiguity and complexity (Brown and Gioia, 2002). Leadership was influenced by, integrated with, and defined by this environment as an emergent property of a social system where leaders and followers shared the process of enacting leadership. Effective leadership depended upon multiple leaders for decision-making and action-taking. Their interaction style is by the authors described as a "collective effort" with "mental and organizational agility". (Brown and Gioia, 2002)

2.3.4 Entrepreneurship and Leadership

Similarly to the concepts of the *Leader and Leadership*, scholars have difficulties to agree on a uniform definition of the *Entrepreneur*[8] *and Entrepreneurship*[9].

There are, according to Kempster and Cope (2010) similarities between the development of Entrepreneurship and Leadership research. Rather than focusing on who leaders respectively entrepreneurs are as individuals, Leadership has notably begun to be conceptualized as a relational process, while the focus in Entrepreneurship research has increasingly been on the functions, activities and processes.

According to theorists (Colbert, 2003; Jensen and Luthans, 2006; Vecchio, 2003), entrepreneurs are leaders because of their position in the company. Compared to employed managers, the development of the entrepreneurs' leadership skills is a much more informal process (Perren and Grant, 2001).

At a micro-stage of the development of the business the entrepreneur is however more than just a leader; she is also a marketer, a sales representative, a public relations officer, a financial controller, and so on, occupying a number of different roles simultaneously. But with increasing organizational size and complexity, with primary functions delegated, the entrepreneur should evolve into a primarily leadership role (Kempster and Cope, 2010; Cope et al., 2011; Fuller-Love,

[7] *E-commerce*, i.e. Electronic Commerce, generally refers to trading of services and products via Internet.
[8] *Entrepreneurs* are innovators who use a process of shattering the status quo of the existing products and services, to set up new products and new services (Schumpeter, 1934).
[8] *Entrepreneurship* is the process of shattering the status quo of the existing products and services, to set up new products and new services (Schumpeter, 1934).

2006). It can therefore be argued that entrepreneurship increasingly becomes a distinct form of leadership during the growth process (Kempster and Cope, 2010; Perren and Grant, 2001).

2.3.5 Organizational Growth and Leadership

Phelps et al., (2007, p. 8) identify tipping points as small businesses evolve:

"The implications of growth is that founders and owner/managers move towards employment situations where tasks are delegated and people have to be managed, including issues of delegation, leadership, recruitment and training . . . developing the people-management skills to encourage delegation (participation and empowerment), communication and teamwork is a primary need for firms that need to make the transition from owner micromanagement to larger-scale professional structures."

Lone entrepreneurs in general have difficulties and fears related to delegating responsibility which may have a detrimental influence on the development of the organization (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011). Founders need to devote commitment and energy to shape and control resources in order to keep control of, and protect their business. This becomes a nemesis to growth as an increasing size of a company inherits a need to develop an entrepreneurial team and distribute leadership activities.

This situation is, however, generally different in new ventures started by entrepreneurial teams where a distributed approach to leadership is inculcated into the organization from its initial stages (Ensley et al., 2002, Cope et al., 2011). Research shows that the vast majority of new ventures are founded and led by teams rather than individuals (Klotz et al., 2014).

A growing body of literature has found that ventures formed and developed as entrepreneurial teams demonstrate higher growth than individually led businesses (Cope et al., 2011; Francis and Sandberg, 2000; Gimmon, 2008; Harper, 2008; Lechler, 2001; Vyakarnam and Handelberg, 2005; Vyakarnam et al., 1999; Klotz et al., 2014).

2.4 Research Gap

We formulated our research question inspired by the conclusions that there is a dearth in research that explores leadership in context generally (Currie et al., 2009; Liden and Antonakis, 2009), and particularly within the small- and medium-sized company context (Cope et al., 2011). Even less explored is distributed leadership and entrepreneurial teams within established small businesses (Sapienza et al., 1991). There is, according to Cope et al., (2011) also little empirical understanding of how a leadership crisis (see Chapter 2.5.1) is addressed. These scholars would

also like to see research on leadership in small companies that include the Lived Experience[10] of both entrepreneurs and employees. Furthermore, entrepreneurship research remains a "mono-method" field that is reliant on mailed surveys and related questionnaire-based approaches (Cope, 2005a).

Porter and McLaughlin (2006) conclude that more research is needed to shed light on the influence of context on leadership. They believe there is a strong need for leadership research to focus on the dynamic aspects of organizational context relationships. *"There is a need to build more movies rather than just snapshots"* (ibid., p. 574), they say, which we seek to do by studying the evolution of leadership in its context.

2.5 Theoretical Framework

We have selected two theories that link the reviewed research together and establish a lens through which we study the empirical data and develop an answer to our research question. The first theory represents mainly research on evolution of organizations. The second theory represents collective results of leadership research.

Our theoretical framework consists of a theory of organizational growth developed by Larry E. Greiner (1972; 1998), and, secondly, a framework of leadership by Deborah Ancona, Thomas W. Malone, Wanda J. Orlikowski, and Peter M. Senge (2007) as well as Deborah Ancona (2005).

2.5.1 A Theory of Organizational Growth

The Phases of Growth

The first theory focuses on organizational growth and was presented by Larry E. Greiner, in 1972, and later in an updated and commented version in 1998. (Greiner, 1972; 1998)

Greiner is one of the scholars who have suggested stage models of organizational growth. He suggests that businesses from start grow in phases punctuated by periods of crisis (see figure 2.1):

"Each phase begins with a period of evolution, with steady growth and stability, and ends with a revolutionary period of substantial organizational turmoil and change – for instance, when centralized practices eventually lead to demands for decentralization. The resolution of each revolutionary period determines whether or not a company will move forward into its next stage of evolutionary growth." (Greiner, 1998, p. 4)

It is during such crises that many companies fall short. Those who do not abandon past practices and carrying out major organizational change are likely to fold or level off in their growth rates.

[10] See Chapter 3.1.2 in Methodology for definition of "Lived Experience"

In each revolutionary period, the critical task for management is to find new organizational practices that prepare the company for the next evolutionary period. At the same time these practices will however *"sow the seeds of their own decay and lead to another period of revolution"* (Greiner, 1998, p. 5).

The first crisis in Greiner's model is called the *Crises of Leadership*. It follows after the initial growth period characterized by creativity, i.e. the *Creativity Phase*. To solve the crises of leadership the company needs to install a strong business manager to solve the managerial problems. This person also needs to be accepted by the founders and able to pull the organization together.

The next and second growth phase, the *Direction Phase*, is consequently characterized by structure, direction, order, and hierarchy, ending in a *Crisis of Autonomy* where the organization feels too restricted by centralized hierarchy and instead moves towards delegation.

The third period, the *Delegation Phase*, is characterized by delegation and decentralization, where growth is stimulated through an elevated motivation and freedom to act on e.g. market opportunities for managers at lower levels. However, as time goes by, top executives develop a sense of losing control, resulting in a *Crisis of Control*.

In order to take control a fourth *Coordination Phase* is initiated where top-level executives introduce and take responsibility for formal procedures and systems such as planning procedures, companywide programs of control and reviews, and centralization of certain technical functions. However, the organization is now too large to be managed through formal programs and rigid systems, so the Coordination Phase of growth ends in a *Red Tape Crisis*, where line managers and staff people feel strangled by the evolved bureaucratic system.

The fifth and last observable growth phase, according to Greiner (1998) is the *Collaboration Phase* and the subsequent evolution, emphasizing strong interpersonal collaboration in an attempt to overcome the Red Tape Crisis. Spontaneity in management action through teams is emphasized; social control and self-discipline replace formal control, as is a more flexible and behavioural approach to management.

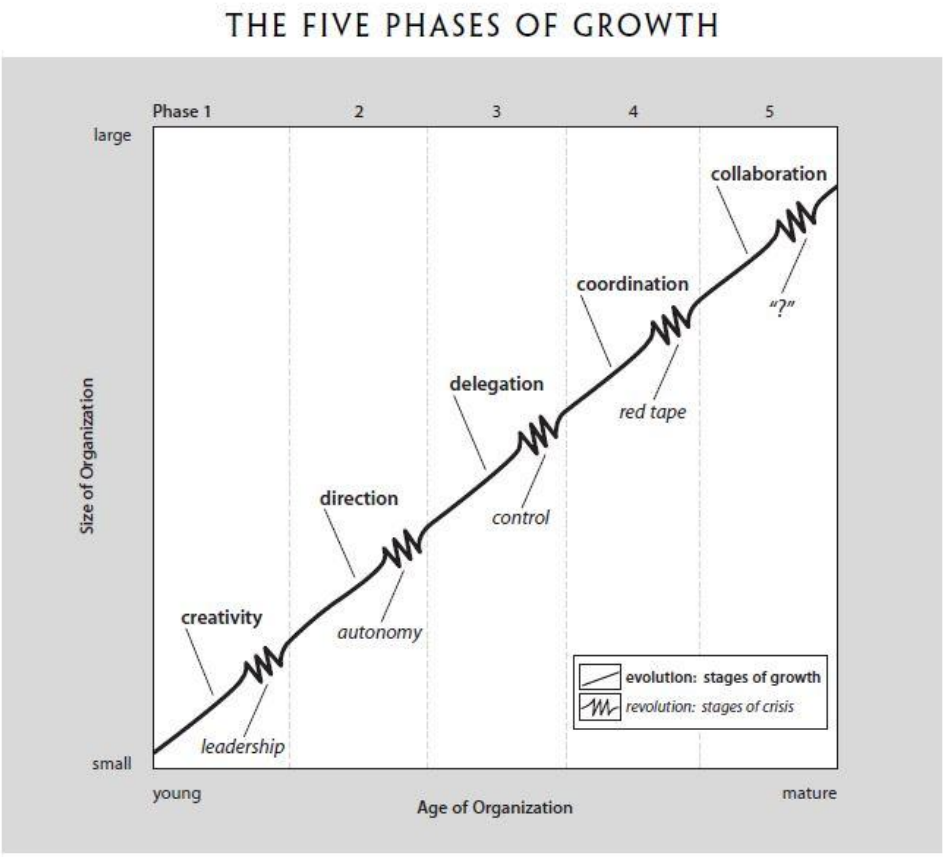


Figure 2.1: "The Five Phases of Growth" by Greiner (1998, p. 5)

Commentary on The Growth Framework

Greiner (1998) emphasizes that the phases are not as cleanly marked off as depicted in theory, e.g. the first-phase entrepreneur may hang on when professional management is added in the second phase of direction. Furthermore, there are mini-phases of movement back and forth within each evolutionary stage.

In his 1998 commentary to his original article, Greiner writes that four basic points about the model still seem valid: Firstly that major phases of development are observed when companies grow, lasting somewhere between 3 to 15 years each depending on the *growth rate of the industry*.

Secondly, the transition between developmental phases still do not occur smoothly but means revolutionary difficulty and upheaval, regardless of the capability of top management.

Thirdly, managers have difficulty understanding that the solution they introduced to address organizational problems at one stage will eventually sow the seeds of revolution.

The final and fourth basic point is that the strongest resistance to change appears at the top of organizations as a revolution often means that the unit under each senior executive will be

eliminated or transformed, resulting in a need for executives to leave the companies because they do not fit the new direction.

2.5.2 A Framework of Leadership

The second model in our theoretical framework, the framework of leadership, is presented by Deborah Ancona, Thomas W. Malone, Wanda J. Orlikowski, and Peter M. Senge in the article "In Praise of the Incomplete Leader" (Ancona et al., 2007), as well as in the research brief "Leadership in an Age of Uncertainty" (Ancona 2005).

This framework integrates the most important of the leadership theories mentioned in the Literature Review (see section 2.2), while focusing on what leaders actually do. Leadership is viewed as a capability that both individuals and groups possess and as a process of influencing.

The framework begins with four key leadership capabilities, and acts:

1. Sensemaking

"Sensemaking", a term coined by Karl Weick (Weick, 1995; Sutcliffe and Weick, 2002), is the act or process of making sense of the world around us. Weick compared the process with cartography; what we map depends on where we choose to look, which factors we choose to focus on, and so on. Our choices will shape the map we produce, and therefore sensemaking is more than an act of analysis; it is an act of creativity. The definition of Sensemaking in the Leadership Framework is the understanding of the *"context in which a company and its people operate"*. (Ancona et al., 2007, p. 94)

2. Relating

The term "Relating" refers to building and maintaining relationships within the own organization and across organizations. Building on the work of organization development specialists Chris Argyris and Don Schon (Argyris and Schon, 1996), and Peter Senge (Senge, 1990) the scholars specify three ways of building relations; Inquiring, Advocating, and Connecting. *Inquiring* is to listen with an intention to genuinely understand the speaker's thoughts and feelings. *Advocating* means explaining one's own views, making clear to others how interpretations and conclusions were reached. *Connecting* is establishing close and collaborative relationships with others and to create coalitions for change through listening, encouraging, explaining, and reflecting on relations. The definition of relating in the leadership framework is "*building relationships within and across organizations"* (Ancona et al., 2007, p. 94).

3. Visioning

Sensemaking and Relating are *enabling capabilities* of leadership in the framework; they establish a platform of common understanding and relations for the next two capabilities: Visioning and Inventing, that are *creative and action oriented*. While Sensemaking creates a map of the present state, "Visioning" produces a map of what could be and what a leader wishes the future to be like and is a continuous process of imagining and communicating what the members of an organization wants to create together. Good leaders are able to frame visions in accordance with some key value dimensions giving people a sense of meaning in their work. The definition of Visioning in the leadership framework is "*creating a compelling vision of the future"* (Ancona et al., 2007, p. 94).

4. Inventing

"Inventing" includes creating and implementing the processes and structures needed to make the vision reality. This capability is behind the transformation of the vision into reality, and is a process that often requires creativity. Some ways to culture innovativeness questioning the ways things have been done earlier; encouraging creative ways of getting a new task or change effort done; experimenting with different ways of organizing work and people; reflecting on opportunities in the current environment. The definition of Inventing in the leadership framework is "*developing ways to achieve the vision"* (Ancona et al., 2007, p. 94).

Balancing the Capabilities

These four capabilities are interdependent. *Sensemaking* establishes a common view of reality to start from. *Relating* establishes connection and trust between people, motivating them to strive for common aims. *Visioning* establishes a shared direction and through *Inventing* the vision turns into reality.

Distribution of leadership

In this framework, Leadership is distributed across individuals in organizations and involves Sensemaking, Relating, Visioning and Inventing. The scholars motivate: *"Corporations have been becoming less hierarchical and more collaborative for decades, of course, as globalization and the growing importance of knowledge work have required that responsibility and initiative be distributed more widely".* (Ancona et.al 2007 p. 94)

Our Use of the Leadership Framework

The author's application of the leadership framework is in the article mainly for leadership development purposes. As the framework is empirically based and illustrated with numerous examples, we however see it as quite suitable for our purpose; i.e. to study *evolution, enactment and distribution of leadership* in startups.

2.5.3 Critique on the Theoretical Framework

Stage growth models, such as Greiner's (1998), have been questioned by scholars. Phelps et al., (2007) critique growth models emphasizing that firms grow differently and with varying pace, they have different problems at similar stages of development. An enduring legacy of stage growth models is, however, that delegation and leadership become increasingly important as small businesses evolve. We do also wish to emphasize that the reality of organizational growth is much more complicated than Greiner's theory postulate, which Greiner (1998) himself stresses in his commentary. To assess which stage a company may be in is therefore not an exact science, rather we judge it to be more about interpretation.

We have not found criticism in leadership research of the presented Leadership Framework by Ancona et al., (2007). The model includes some aspects of leadership that all companies need, from small companies to large corporations, and it may be beneficial if these patterns are applied from early on in a tech startup, since patterns of leadership tend to get ingrained in a company's culture and difficult to change at later stages in its life cycle.

3. METHODOLOGY

3.1 Research Method

An exploratory study is beneficial when researching an area where little prior research has been done, in order to map out where it would be valuable to engage in further research (Bell, 2006). Therefore this approach is suitable for our research topic.

3.1.1 A Qualitative Study

A quantitative research method can be advantageous when doing research in areas rich on existing theory. If the study however is of explorative nature it is suggested by Yin (2003) that a qualitative study is more appropriate. Since the aim of the study is to construct theory rather than testing an existing theory and as the area is rather unexplored a qualitative study is suitable (as recommended by Bonoma, 1985; Parkhe, 1993; Wilson and Vlosky, 1997). Furthermore, this method enables the creation of in-depth studies and is standard in the field of management studies (Yin, 2010). However, it should be mentioned that a qualitative approach limits the generalization of results to some extent (Yin, 2003).

3.1.2 Research Approach

In order to answer the research question at hand it is pivotal to take the correct approach regarding the relation between empirics and theory. According to Eriksson and Wiedersheim-Paul (1999) there are three methods that best suited for a study of this kind. The deductive reasoning takes existing theory as a starting point and the empirical research is guided by this theory, where one attempts to prove or disapprove the accuracy of its predictions. Inductive reasoning on the other hand focuses on the empiric and from there generates new theory that can explain the phenomena observed in the data (Bell, 2006). For this study an abductive reasoning will be applied, where the shift goes from theory to empirics and then back to theory to relate it closer to the reality found by the researcher (Alvesson and Sköldberg, 1994).

Our approach is also inspired by Grounded Theory (Glaser et al., 1968) in the sense that we intended to collect rich empirical data from interviewees and systematically seek to find themes and build an understanding based on the data.

We were, furthermore, inspired by Phenomenology and Cope's (2005b) work in the sense that we wanted to base our understanding of startups on the entrepreneurs' and employees' Lived Experience; a concept originating from the phenomenological research tradition. *"The aim of*

phenomenological inquiry is to understand the subjective nature of lived experience from the perspective of those who experience it, by exploring the meanings and explanations that individuals attribute to their experiences." Cope (2005, p. 168).

We started off our research by mapping out existing theory in areas related to our research question and then proceed to focus on the empirics as the interviews were being conducted. However, parts of the theory were collected parallel to the interviews, such as identified an interesting empirical phenomenon that we had not considered initially. Based on the new empirical and theoretical findings we readjusted the questions for the coming interviews. Additionally, expert interviews were conducted to complement the theory.

3.1.3 Pilot Study

According to Yin (2010), a pilot study may be used to refine the method for the final study and provide opportunity for practice, identifying possible caveats prior to rolling out the research study in its entirety. We conducted three pilot studies to ensure that the questions in the interview-guide were understandable for the interviewees, and that we would be able to gather the information needed during the time available with the interviewees. A few alterations were made to the interview guide as it was evident that a use of theoretical expressions during the interview could create misunderstandings and should be avoided. We therefore decided to try to keep discussions with interviewees at a practical and concrete level. We also made some adjustments in order to cover areas of interest that were added during the course of our continuous study of theory.

3.1.4 Case Studies

When conducting studies within social science research different strategies are applicable, such as Surveys, Archival analysis, History, Experiments or Case studies. To decide which kind of strategy is the most suitable three criteria's should be considered: 1) Type of research question 2) To what extent behavioral events can be manipulated 3) Whether the focus of the study is considered to be a contemporary phenomenon. (Yin, 2003)

Case studies are to be used when the research focuses on understanding something in the sense of "how" and "why". The researcher has little control over events and the focus is on contemporary events in real-life context. (Yin, 2003) As our research focused on understanding the events discussed in regards of "how" and "why", we had no control over the events and since the study was made on contemporary events, a case study research method was the most

suitable. Furthermore, case studies are becoming increasingly popular when researching the area of small businesses and entrepreneurship (Perren and Ram, 2004).

While a single case study provides in-depth information and basis for analysis, multiple case studies provide a broader background in the area being researched which enhances the validity of the findings (Yin, 2003). A further reason for choosing multiple cases was the aim to study how leadership evolves. Different case companies provide a variety in information on how the leadership process may develop during the first years which gives opportunities to make fruitful cross-case comparisons. Finally, as the area has not been much researched before, multiple sources will generate broader findings and identify general patterns rather than specific factors of success for individual companies (Eisenhardt, 1989; Yin, 2003), as a step to fill the research gap at hand.

3.1.5 Selection of Cases

As the purpose of the study is to create understanding of evolution, enactment and distribution of leadership in tech startups we decided to approach companies with certain characteristics. As we were interested in studying startups at different stages of development we wanted case companies of varying size and age. In order to control cultural bias we wanted the companies to be based and founded in Stockholm, Sweden. We also wanted them to be recognized as startups and to be marketing their products in multiple countries.

In order to meet our criteria, the companies needed to:

- Be tech startups developing and marketing online solutions
- Be having online business models
- Be founded in, and having Headquarters in Stockholm, Sweden
- Have varying size in terms of employees, from 10 to 150 employees
- Have been active during a varying number of years
- Be recognized as promising startups in media and by experts
- Be marketing their products in multiple countries

Based on the above criteria's we selected a number of companies for our shortlist. Out of these we got interviews with representatives from five companies.

3.2 Data Collection

3.2.1 Interviewees

To ensure that the research question at hand was answered in the best possible way, and to facilitate analysis from different perspectives, we interviewed individuals from the management team, and other employees. We, furthermore, interviewed people from both the software development side and the business side of each company. In the smaller companies the interviewees from the management team were also members of the founding team. In the two bigger companies the founders were either not active in the company any more or unavailable during the interview period. As for the employees a criterion for selection was that they had been in the company as long as possible, ideally from its start, as parts of the interviews were retrospective. We conducted four interviews per company in four of the five companies included in the study. In the fifth company we carried out three interviews and decided that two of them should be conducted with the founders as the company is still rather small and the founder/employee ratio is high.

3.2.2 Interview Method

We conducted in total 19 semi-structured qualitative interviews with personnel from the case companies. Out of the 19 interviews 16 were through direct meetings, while three were phone interviews. Each interview lasted between 40-120 minutes.

Semi-structured interviews are recommended by Quader (2007) in settings such as this since interviews with open questions are better suited to gather general information. Thereby the interviewees can answer with more freedom and be more detailed than if a structured interview method is applied. This leads to more reliable information with higher quality, and allows for exploration of concepts that we were not initially aware of. We created an interview guide and a questionnaire (see 8.3 and 8.4 in Appendices) that were used as a basis for the discussion rather than a manuscript to follow. We pushed the discussions further by asking follow-up questions regarding how things were done and the reasoning behind, as this resulted in a more through and detailed collection of information.

As the area being researched may be sensitive for interviewees, and as we wanted the interviewees to express themselves freely in order to get high quality data, as well as provide information about both negative and positive experiences, we started each interview by telling the interviewees that they would be anonymous in the study, and that the name of their company would not be published.

A questionnaire was created, inspired by Pemer (2008), and used in the beginning of the interview where we asked the interviewee to rank each dimension and then 'think out loud' regarding why they chose a given number. This was done for two reasons, firstly since we wanted to ensure a common understanding between interviewer and interviewee within the area of leadership, and secondly because we wanted to collect some initial overall understanding of the interviewee's reasoning.

In order to ensure empirical data covering the enactment of leadership in the organizations, we were careful to not only discuss the views of the interviewees on leadership issues, but also to systematically probe for practical examples of activities and events illustrating their different statements and reasoning.

3.2.3 After the Interviews

Right after the completion of each interview, we as interviewers met for a debrief session to agree on the most important findings and to evaluate the interview process in order to learn and improve for forthcoming interviews.

The interviews were all recorded and transcribed, and these transcriptions then formed the basis for the empiric. We decided to use this method as it focuses on how the interviewees express themselves as well as make it easy for the reader to understand how an interview actually played out.

After we were done with the interviews at each company, complementary questions were sent out via e-mail if there were any uncertainties regarding the information gathered.

3.2.4 Complementing Expert Interviews

Three expert interviews (see Appendices 8.2) were conducted to complement the data collected from theory and case interviews. Focus was on enhancing our understanding of the industry; to further understand why Stockholm is considered to be a startup capital; to define a successful startup; to learn what external experts know about the selected case-companies; and lastly, what is said about them in the industry.

3.3 Data Analysis

Inspired by Grounded Theory (Glaser et al., 1967), we sorted the interview data from the transcript documents into themes using spreadsheet software (see Appendices 8.6). The themes in the theoretical framework automatically came up, but we also identified various other themes that are accounted for in Empirical Findings and Analysis (Chapter 4).

The analysis at company level was conducted in two steps. In the first step we analyzed each company as one case where all interviews in the company were used, themes were identified and core findings were highlighted. The next step was to compare the company cases with each other; making a cross-case analysis, in order to identify common themes, differences, and additional findings.

3.4 Research Quality

We chose qualitative interviews as method despite the partly retrospective character of our study. We are aware of the risk that individuals in an interview may give a tainted view of earlier events, but we still judge the method as viable as we are interviewing different categories of personnel in each company and therefore are able to triangulate and thereby to some extent control reliability and validity of data.

Reliability and validity are however concepts belonging to a quantitative paradigm where physical measurements may be made. Qualitative research, on the other hand, belongs to a paradigm where an element of subjectivity generally may influence results and where reflexivity is a quality concern when empirical data is collected through qualitative interviews as in our study. We now proceed to discuss concerns regarding each of these aspects in the context of this study.

3.4.1 Reflexivity

Reflexivity, the mutual influencing between interviewers and interviewees, is among the most important concerns of a researcher conducting qualitative interviews. The researcher needs to be conscious of his own actions and the development of the process (Merrick, 1999). In a qualitative setting, the interviewer should try to control reflexivity but its complex effects on the interview relationship can never be completely controlled (Bourdieu, 1999). We have tried controlling reflexivity in some different ways that we will describe in the forthcoming sections commenting on reliability and validity.

3.4.2 Reliability

Reliability is concerned with the extent to which the results of research can be re-created identically (Enerstvedt, 1989), which is a way to ensure that the findings are generalizable (Bryman, 2002). Qualitative research includes a level of subjectivity as the results could be different if the research was re-created by others (Silverman, 2013). A critical stance is therefore important. The subjectivity of the researchers is hard to eliminate but we have taken a number of measures to minimize it.

First of all the questions were open-ended, and in situations where needed we adjusted the questions or deepened them to ensure that we correctly understood what the interviewees meant to make sure that we did not interpret information in a distorted way. All interviews were made with one person at a time to eliminate possible group behavior and we always had the interviews in closed rooms so that the environment would not affect the interviewee's answers.

Furthermore, we used an initial questionnaire to seek to ensure a common understanding of terminology with the interviewees. Even though the use of the interview guide differed between the interviews we made sure that all topics were covered in each interview, which increases the reliability of the study. The conduct of debriefs after each interview was also a way to control our individual subjectivity as we discussed the findings among us. If we did not agree on certain points we e-mailed the interviewee with complementing questions to clarify what was said.

3.4.3 Validity

Validity is concerned with measuring what one is actually supposed to measure (Kvale, 1995). As the social context constantly changes a qualitative study can to some extent be hard to define as consistent (Bryman, 2002). As parts of the theory were collected in parallel to the interviews, we adjusted the interview guide accordingly. This was done to match the theoretical framework and to increase the validity.

Each interviewee was made aware of the aim of the research, and the introductory questionnaire was a way for us to make sure that the interviewees understood the subjects of the interview and not made misinterpretations.

Further, we clearly communicated to all the interviewees that both the company and the interviewees would be anonymous, which should have made them more relaxed about speaking freely about the subject as the information, positive or negative, would not be related back to them. As we sent complementary e-mails when needed to the interviewees to clarify certain areas, the validity of the data was enhanced.

Despite of the measures taken to address our concern regarding validity, we are aware that interviewees give their own version and that they may sometimes have presented a distorted view, especially as parts of the interviews were retrospective.

4. EMPIRICAL FINDINGS AND ANALYSIS

We have structured our empirical findings and analysis in two main stages. In the first section of this chapter (sections 4.1 to 4.5) we will present our empirical data followed by an analysis for each case company. The findings are analyzed and structured according to our Theoretical Framework (Chapter 2.2).

One of the case companies, Alpha (section 4.1), has been given less space than the other organizations in this chapter as it is in an early phase of its development and has a limited amount of data to use in the cross-case analysis section with the other companies.

In the second part of the analysis (section 4.6) a comparative analysis is conducted across the five case companies.

The terms Sensemaking, Relating, Visioning and Inventing used in this chapter refers to Ancona et al., (2007) and are further presented in our Theoretical Framework (see Chapter 2.2).

In order to ensure anonymity of the interviewees, we will refer to them as either "manager", "co-worker" or "interviewee" in quotations, and in the text where needed throughout the empirical data and analysis.

For more details and examples regarding leadership activities in the respective company, see Chapter 8.5 in Appendices.

PART I – Individual Case Analysis

4.1 Alpha

Company Information

Alpha offers its internet based service on an international market and was founded in 2010 by an experienced entrepreneur and two co-founders. After a year and a half the two co-founders joined the company, and now in 2014 the workforce has grown to 10 employees. The company's headquarters is in Stockholm, however there are plans on establishing an office in the USA.

Interviewees

The interviewees are the Chief Executive Officer (CEO) and main founder, the Chief Operating Officer (COO) and founder, and a Business Development Manager (non-founder).

4.1.1 Evolution of Leadership

The company is focusing on creating their service as well as defining and creating its market. The organization is loosely structured and internal communication is both frequent and informal. The current focus of the company is on external factors, such as client opinions and the overall market conditions and development. A manager:

> "..we listen to what is going on around us; what our clients are experiencing, the challenges, and the needs. Also, the market as a whole is new and growing, so we want to make sure we are listening in on what others are doing, and also more importantly, to know about the needs and shift in needs that take place both in Sweden and internationally."

4.1.1.1 Analysis of Evolution of Leadership

As the focus in Alpha is on creating their product and identifying the market, whilst the structure and the character of the organization is informal, we assess Alpha still to be in the *Creativity phase* in Greiner's growth model from 1998. We have no indications that a *Crisis of Leadership* has evolved yet.

4.1.2 Enactment and Distribution of Leadership

Sensemaking

There is a high focus in the company on making sense of the business context. Sensemaking activities are informal and experimentation of information sharing structures related to the external business environment, are continuously carried out.

Relating

Internal relationship building is considered to be very important and is created through frequent and comprehensive activities such as after-work events and lunches. External relationship building is also seen as important.

Visioning

Having a vision is seen as very important by the interviewees, however it is difficult to establish a long-term vision as they are still creating their commercial ideas. The main founder created the existing vision at an early stage, and substantial effort has also been paid to communicating the vision internally. All interviewees, however, communicate that the vision is still forming and attempts to share and distribute the vision throughout the company have not always been successful.

Inventing

Finding new ways of working is not considered to be essential in order to realize the vision. There is some disagreement among interviewees whether it is important at this stage to find new ways of working to realize the vision.

Distribution

Areas of responsibility are distributed within the company, although in an informal way. Furthermore the interviewees perceive it to be very important for the company to involve the whole workforce in all the dimensions of leadership, i.e. *Sensemaking*, *Relating*, *Visioning*, and *Inventing*; and that such involvement is also presently carried out to a considerable degree in the organization.

4.1.2.1 Analysis of the Enactment and Distribution of Leadership

Sensemaking is essential in the company as they need a broad understanding of the external environment to both create a service that will have high demand, and also to some extent create a new market.

Relating is prioritized in the company and internal relationships are important. Both founders and professionals have created a foundation for spontaneous activities and get-togethers. To enhance the understanding of the external environment there is also a focus on creating external relationships.

Although it at the present stage is difficult to formulate and communicate a long term vision; i.e. *Visioning* for the company, there is high awareness of its importance among interviewees.

There are different opinions on the importance of *Inventing* at the present stage, which may depend on that the long term vision is yet under development.

Areas of responsibility are *distributed* in the organization, which also pays much attention to the involvement of the entire workforce in leadership processes.

Case Summary

After the first one and a half year the main founder of Alpha was joined by two co-founders and today the workforce has grown. Given the early stage of creating their product, the *informal character of the organization*, and that we have not observed signs of a *Crisis of Leadership* we assess that they may *still be in the Creativity phase* according to Greiner's (1998) framework. Leadership

has an *informal character and is distributed*, mainly in the dimensions of *Sensemaking*, *Relating*, and *Visioning* compared to Ancona et al., (2007), and all employees are encouraged to participate in leadership processes.

4.2 Beta

Company Information

Behind Beta, started four years ago, are three founders currently living in two different countries. Beta sees itself as being in a stage between survival and growth. They are penetrating a relatively new market, which they judge as being on its tipping point towards a rapid, exponential growth. Today the company is targeting an European market. The company has a workforce of 14.

Interviewees

In Beta four professionals were interviewed; the Chief Executive Officer (CEO) and founder, the Head of Business Development and founder, the Head of User Experience (non-founder) and one Software Developer (non-founder).

4.2.1 Evolution of Leadership

The present CEO, the main founder of the startup, created and developed the product idea. Currently, he and his fellow co-founders are living in two different countries. In the beginning the company had no permanent office and all of the founders were working from home during the first year of operations. A manager:

> "So.. the first two years.. we didn't really have an office and it was a lot of working from home or just running around to customer meetings. Then it is hard to build a real culture.. you can't just knock on someone's shoulder and have lunch."

The way the company was managed and led was unstructured from start, but has developed radically, mainly due to financial pressure. Despite the structural development and re-organization efforts, an important leadership issue is still not quite solved; the CEO, who is quite openly aware of it, is seen as micromanaging employees in a way that often is perceived as lack in trust by the co-workers. His motivation is that perfection in execution is needed due to the financial pressure the company is under. One of the co-founders, however, leads with a different style, demonstrating a lot of trust. A co-worker:

> "…so the leadership style in the company is schizophrenic."

4.2.1.1 Analysis of the Evolution of Leadership

Based on that the main founder to a considerable degree has exercised micromanaging centralized leadership since the company's initiation; the present confusion and change regarding structure and leadership; and on the financial pressure the company is under, we assess that the company may be in the *Crisis of Leadership* at the end of the *Creativity phase* compared to Grainer's

(1998) growth framework. The situation reminds of a *Crisis of Leadership* in a *lone hero entrepreneur* company (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011).

4.2.2 Enactment and Distribution of Leadership

Sensemaking

It is agreed in the company that the CEO and Head of Business Development need to have a thorough understanding of the external business context. There are different opinions, however, regarding whether the rest of the workforce needs such understanding. A manager:

> "I don't think that's very important. ...I think it is enough that some people know it. …I've seen before in other companies, it is like 'they are doing that, they are doing this', that is not a good way to go. …actually, so many things out there are just buzz."

Another manager, defending that all employees should possess thorough understanding of the external business environment:

> "The main reason for this is that we are producing the product or service for our end customers, and I think to motivate the people in the company they need to know why we are doing stuff, how we are doing it, and because of whom."

The activities contributing to a distributed understanding of the business context among employees are weekly meetings with the CEO, a conference every half year with all employees attending (including internationally based), and a meeting every three months where investors share their views on the market situation and outlook. Information is also distributed through Skype, e-mails, and a variety of smaller and informal meetings.

Relating

The view of the interviewees is that internal and external relationship building is of vital importance for the company's success, particularly as it is a startup where trust needs building up "from scratch".

Regarding trust internally, there is a difference in how people perceive the three founders which is recognized by everyone in the company, also by the founders themselves. The CEO is seen as someone who displays lack of trust in employees, while the other founder is seen as someone demonstrating trust.

There are different reasons mentioned behind the split image and perceived problems regarding the internal relations and trust; the internationally dispersed organization, a lack of a company office during the first year, financial pressure forcing the CEO to be micromanaging and

controlling rather than trusting that people will deliver, and differences in personalities between founders and between employees.

The company approaches internal relationship building in an informal way. A manager:

> "It's by socializing and talking."

There was however an important improvement in the internal relationship building made half a year ago when a new employee joined.

> "I started to try to get everyone out to have lunch together, which is a very nice change because you get to know people outside of their work."

In external relationship building, where especially the CEO and the Head of Business Development are active, partner companies and investors are particularly important.

Visioning

There is disagreement among the interviewees on the importance of a vision, and on what vision the company actually has. It is very important to have a common vision in the organization according to two managers, whilst the other interviewees see it as moderately important. A manager:

> "That's what we do in the conference every half a year.. The vision comes from [the CEO] and then we discuss it a lot.. People need to internalize and agree… [The CEO] hands it over to people, like 'this is the main direction and this is the idea of what we should do.' Then they say what they think we should do, so we then try to reach it together."

Another manager has a differing view:

> "[the CEO] has for sure a vision, and I have some kind of vision, and I guess everyone in the company has their own vision. We don't have a very common vision.. So I really think that we need to work more on that.. it would be nice to have like 'this is our vision and this is our goal', and that really could help when I need to make decisions about what feature we should do, and then I can compare and see if it is aligned with the vision or not.. ..now we have 14 visions."

The vision was according to another manager set at one point at an early phase of the startup. After that there has not been focus on changing the vision, and it has not been communicated much. Involved in creating the vision are particularly the CEO and a co-founder.

Inventing

There is agreement that finding more efficient ways of realizing the vision is important for Beta's success, and also that limited resources are restraining the extent to which they can experiment.

A manager:

> "In a startup that hasn't succeeded yet, you need to iterate and figure things out. At the same time you need to stick to concepts to prove or disprove them.. it's a balance.. I think that the problem when you have a really tight budget and your survival depends on executing exactly correctly within the upcoming six months or you are toasted, it leaves very little room for error."

There is also encouragement of all employees to be creative. A manager:

> "It's important and anybody can come up with ideas. Then it is not only one person who decides what we should do.. ..it's more a work between several people."

Distribution

There is a formal division of responsibilities between individuals in Beta, and also opportunities for people to take initiatives to influence leadership issues. A theme is however that the CEO often has been overriding set borders of authority and been micromanaging. Another founder has a very different style of leading; delegating much, demonstrating trust. A manager:

> "I try to make [the CEO] micromanage me instead of the developers, so I can be in between the developers and [the CEO] since micromanaging is not so appreciated."

There are opportunities for people to take initiatives or express themselves in leadership issues, e.g. in regular meetings, such as the daily morning meetings at department level or the meetings with the whole workforce twice a week.

4.2.2.1 Analysis of the Enactment and Distribution of Leadership

A thorough understanding of the business context; i.e. *Sensemaking,* is seen by the interviewees as being of vital importance to Beta. Effort is made by the CEO and Head of Business Development to make sense of the external business context. Effort is also made to communicate information with the workforce as a whole, although there are different opinions regarding its value.

Relating is seen by all interviewees as being of vital importance to the company. Our assessment is, however, that the organization has not focused on building relations internally due to the lack of office and geographically dispersed employees. Furthermore, the CEO's personal leadership style has had negative consequences on internal relations.

There is agreement among interviewees that *Visioning* is very important. The vision is largely the result of the CEO's and another co-founder's work, and there are different opinions whether the personnel stands united behind the CEO's vision or not.

Inventing is seen being of great importance in Beta and the company encourages everyone's creativity. There is, on the other hand, a financial strain that limits experimenting.

The *distribution of leadership* makes up a somewhat complicated situation in Beta. On the one hand, there is a formal division of responsibilities between managers. There are also opportunities for non-formal leaders to take initiatives in leadership issues. On the other hand, the CEO is often regarded internally as micromanaging and thereby overriding the set areas of responsibility within the organization. Furthermore, there is a split approach to leadership between founders. An important conclusion is that the relatively weak *Relating*-activities may contribute to weakening *Sensemaking*, *Visioning*, and *Inventing* in the organization.

Case Summary

The founders of Beta worked the first years from home; they were also geographically split up between countries and had *limited financial resources*, all leaving *little room for relationship building*, i.e. *Relating*. This situation may have contributed to weak internal relationship building which in turn may have *weakened the Sensemaking-, Visioning-, and Inventing* activities in the company, although there is reasonable agreement of their importance among interviewees. There is, furthermore, *differing leadership styles* between the founders, and irritation towards the CEO's micromanagement and hesitation to trust employees. The CEO is directive, and his controlling style is explained by that there is *no room for mistakes* in the company due to continuous financial strain. In all, we judge that the organization is in the middle of a classical *Crisis of Leadership* in the *Creativity phase* when comparing to Greiner (1998).

4.3 Gamma

Company Information

Gamma was founded by five entrepreneurs, most of them old friends, three years ago. The product is an innovative online business-to-business solution acting on a global market that is continuously changing, and believed by the company to be rapidly expanding. Gamma's strategy is to establish itself as the global market leader. The headcount is currently 20 and is expected to grow further in the near future, much do to additional international expansion. Gamma has offices established in six countries on three continents.

Interviewees

Four organizational members were interviewed, the Chief Executive Officer (CEO) and founder, Chief Technology Officer (CTO) and founder, Head of Sales (non-founder), and one Software Developer (non-founder).

4.3.1 Evolution of Leadership

The five founders worked closely together the first year without employees, developing their relations and their understanding of the business context.

Initially, the founders led the company by shared leadership in the group, characterized by consensus in decision making. The situation was inefficient; too many people were involved in too many decisions, which was time-consuming. A manager:

> "..you can't have everyone commenting at the same time, because nothing gets done. ..... it was like that in the beginning, and it didn't work very well. We realized the processes were too slow."

After financial pressure by investors demanding increased efficiency, the founders implemented a clear division of responsibilities, whilst maintaining employees' commitment and influencing power. A manager:

> "Now the developers are to ninety-five percent only doing development, and the sales people are to ninety-five percent doing sales."

4.3.1.1 Analysis of the Evolution of Leadership

It is perceived by interviewees that everyone in the founding team during the first couple of years felt a need to be involved in every decision, and that they then had difficulties to let go of responsibilities to new employees. The company was after some time, however, put under financial pressure, and the founders decided to implement a structure and processes that the interviewees are now pleased with. The developments Gamma went through remind of a *Crisis of*

Leadership at the end of the *Creativity phase* in Greiner's (1998) theory. Their crisis may be described as a mild version of the *Crisis of Leadership* caused by *lone hero entrepreneurs* (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011). We assess that Gamma has by now passed the first stage and is now in the beginning of the *second growth phase, Direction,* when compared to Greiner's model (1998). This is based on that the organization during the first years had a phase with collective leadership within the founding team, and that they then had a crisis emanating from inefficient leadership, i.e. a *Crisis of Leadership*, and in response introduced structure and *distribution of leadership*, and is now growing rapidly.

4.3.2 Enactment and Distribution of Leadership

Sensemaking

There is unity among the interviewees that a common understanding of the external business context among employees is of value. Gamma has focus on systematically sharing information and creating a common understanding of the business environment. This is done through weekly CEO-briefings with all employees participating, followed by questions and discussions; market scanning by the Marketing/PR-department emailed to everyone in the company; and a company-wide internet chat room. A manager:

> "This is super important. Today it is much about informing everyone in the company of what is going on. …You notice very quickly when there is misinformation in the company, because then people start drifting off in the wrong direction."

The five founders are very active in this area, as are the early employees and some people who are more extroverted than others and passionate about the company, an interviewee says.

Relating

Internal relationship building with establishing trust between individuals is seen as vital for the company's success. A manager:

> "If we don't do anything about it, we would have the sales team and the tech team and they would have, per se, different agendas.. For departments to work rapidly and smoothly together they need to know exactly what is going on."

Most of the internal relationship building activities are informal and a natural part of daily life, e.g. having lunch together and activities after work.

The external relationship building is of vital importance to the company; particularly the relations with investors and clients. Marketing/PR participates in external activities, such as conferences

and fares. The CEO alone is engaging in investor relations. He is also active in customer interactions, particularly with big clients, however Marketing/PR is the main actor regarding building customer relations.

Visioning

The company's vision is to become the global standard in the industry. Having a common and inspiring long-term vision is seen as vital to motivate and keep employees. A manager:

> "We have had the same vision since the company's start. It's very important that everyone has the same vision. …Otherwise I don't think people would have the stamina to keep doing what they are doing. … as a startup you have many things you can't do that the bigger companies can do [for the employees], I mean we don't pay as much and there are other things we can't do, so we need to do things better."

The vision is also seen as critical in attracting new talent. A manager:

> "..as you grow you want to hire people… …and people come to work for Google because they have a vision about how to build a company and how it is to work there. So that also.. ..is our vision, to create an awesome company to work at."

The vision is primarily set by the founders, with the CEO having the greatest responsibility. The vision is informally influenced by employees, e.g. through the companywide chat-room.

Inventing

It is important for the company to find new ways to realize the vision. Experimenting with ways of working and development tools is a reoccurring activity in the company, and is applied in all departments of the organization. A manager:

> "It is very important, and I would say that we are very good at letting people come up with new ideas and also implementing them, and encourage people to take part in the development. From a technological side we need to overcome a lot of technical hurdles and we need to sort of invent new things."

Distribution

Gamma has a flat organizational structure and hierarchy, with clear areas of responsibility for formal leaders. A manager:

> "We have two distinct managers, the CTO who has the tech team and the CMO who has the sales team. And they do pretty much as they want in their own divisions. They get goals of course but how they chose to run the weekly operations, I don't fiddle too much in that. ...If you tell him/her exactly how to do it, it is a very high chance that he/she will not buy in to everything

> you say and not be as motivated as if they get to sit down and think for themselves and buy in to the concept one hundred per cent. So I think it is much better to let people set their own strategies."

Simultaneously, people are encouraged to participate in the leadership and influence. A manager:

> "What you strive for in leadership is participation rather than attendance...I think the worst thing you can do in a company is when people stop coming with suggestions. That is bad because they give up, they lose their motivation."

4.3.2.1 Analysis of the Enactment and Distribution of Leadership

Gamma focuses on creating a common understanding of the external business context among its employees; i.e. *Sensemaking*. Effort goes into formal leaders' informing employees on developments in the industry and business environment. Employees also take part in regular CEO-meetings where they can bring up questions and participate in discussions. Furthermore, they have a company-wide internet chat room for Sensemaking-, and other, purposes.

Relating activities intended to build trust, both internally and externally, are seen as vital for the company. Considerable effort goes into the building of good interpersonal relations internally, and also into networking and building relations externally.

The company also puts focused effort into *Visioning* and has had a vision to become the global standard in its area since the start of the company. An inspiring vision is seen as critical both to motivate people and to attract new employees.

Furthermore, *Inventing* is seen as very important, and the company focuses on these activities.

Leadership in Gamma is *distributed* within a flat hierarchy of formal managers and to the workforce as a whole, that is encouraged to influence leadership processes formally and informally.

Case Summary

Gamma worked as a close team the first year, practicing *shared leadership* and *consensus decision-making*. They had, however, difficulties to let go of responsibility to other employees. When they were exposed to *financial pressure*, a *mild Crisis of Leadership* evolved, which they solved by implementing a flat management hierarchy, structure and processes. The organization practices a considerable degree of *distributed leadership* in all of the dimensions *Sensemaking*, *Relating*, *Visioning* and *Inventing*. Developments in Gamma remind of a *Crisis of Leadership* at the end of the *Creativity phase* in Greiner's (1998) model. This crisis may be described as a mild version of the *Crisis of Leadership* caused by *lone hero entrepreneurs* (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011). Thus, Gamma has, according to our assessment, passed the first stage and is in the *beginning of the second growth phase Direction* in Greiner's (1998) growth model.

4.4 Delta

Company information

Behind Delta, established four years ago, were two founders, both of them experienced entrepreneurs with successful track records from previous startups. The product, having a global market, represents a new internet-based solution in its field, which the founders were advised by industry expertise to *not* develop and commercialize. The company has however had considerable success in its fast moving market. The startup has employees in nine countries, and its multicultural workforce has grown to 150 employees.

Interviewees

The four interviewees are the company's Chief Risk Officer, Head of Product, a Communication Manager, and a Sales Manager. None of the interviewees are founders, however, all of them well informed of the company's evolution and leadership processes.

4.4.1 Evolution of Leadership

The two founders of Delta, who had no technical expertise in the company's business area, are by the interviewees viewed as a close and well-functioning team already from start. After about a year, by the time they launched their first product, the founders had employed three persons; all managers.

From start the founders made up a coordinated leader team, which despite the rapid growth in headcount, has managed to establish a well-functioning distributed leadership structure. The company encourages its employees to influence the leadership processes, informally or formally. A manager:

> "..the leadership.. is distributed so each one of us in the divisions has the power and pretty strong mandate to do what we think is good, and then its coordinated"

This development has, however, not taken place without challenges. A manager:

> "..on average we have hired about one person per week for the last three years, so we just came to a breaking point where it was necessary to have clear processes."

4.4.1.1 Analysis of the Evolution of Leadership

Delta had an initial period in which the founders were 'involved in everything'. But, having no technical expertise, they started focusing on leadership and distributing responsibility to others from early on. Despite a rapidly growing workforce and international presence, the founders have managed to establish, and maintain, well-functioning distributed leadership throughout the

years. Based on that the founders at an early stage started to systematically distribute responsibilities and leadership; that we have no information of a substantial *Crisis of Leadership* in empirical data; that leadership presently is perceived as reasonably well working, structured and distributed; and that the workforce is 150 people and growing, we assess that the company a long time ago may have passed the stage where a *Crisis of Leadership* in the Creativity phase according to Greiner (1998) would occur, and that they now are in a growth phase. The present phase of growth does however, this far, not appear to have the clear fluctuations that Greiner's model implies.

4.4.2 Enactment and Distribution of Leadership

Sensemaking

All interviewees see it as important that the workforce is updated and has a fairly common view of the business environment. A manager:

> ".. it is extremely important and as a company we are trying many different tools and ways of working to make sure that we have a common understanding."

There is, however, a reservation; there is a limit to how much information people should take in because of the rapid and complex developments in the industry and the external business context.

Both founders have since the start had a particular role in understanding the business context. Then there is an extensive structure of activities, meetings, forums, and interactive internet-tools in order to spread and discuss information. A manager:

> "..we were feeling that as we grew as a company and were bringing on-board more and more people it is really important to make sure that everyone gets the most important information"

Relating

From an early stage the founders have had an informal, distributed and not a strictly structured approach to leadership, with delegation and trust as key ingredients. Internal relationship building is seen as highly important by the interviewees, partly because of the rapidly growing and internationally dispersed workforce, but also due to the company's team organization and a need to constantly attract highly qualified individuals in large numbers. A manager:

> "..the way it is set up here is that we have small teams, they are set up to be independently.. they need to be aligned with so many other teams.. [therefore] it is extremely important to have trusting relationships"

Also the attitudes of formal leaders are stressed as important to build relations and trust. A manager:

> "..as a leader you need to make sure that everyone gets visibility. That's why you need to talk to everyone. It can be in meetings, or by the coffee machine, even if you don't know them.."

There are various formal and informal activities in the organization contributing to building internal relations, from regular CEO-meetings with the whole workforce, summer- and Christmas parties, and 'web-rooms' where people can 'hang out'. The company also tries to gather all employees in Stockholm once a year.

The external networking and relationship building with customers, partners, and others, has from start been performed mainly by the two founders, with the marketing- and sales functions taking over successively.

Visioning

The vision is by the interviewees seen as highly important to the company but also difficult to develop and handle. A manager:

> "..it is very difficult to have a long term vision [in a startup] as you are still experimenting with your business, and still experimenting with what type of value you should provide to customers."

The founders had a clear vision from start of what company they wanted to build, and they are still taking the lead on Visioning. The management team, which is a broader group, has presently the role to formulate the vision and suggest it to the founders.

Ideas to develop Delta's vision can be suggested by anyone in the company. A Manager:

> "..if you have something that you have come up with.., we [the management team] can help to share those ideas with [the founders], and everyone can email or talk to them as well. That has happened quite a few times.."

Inventing

Also creating new ways to realize the vision is considered very important by the interviewees at Delta as market conditions and the understanding of how value is generated changes rapidly. A manager:

> "..[Inventing] is extremely important because you can't lock on one way of dealing with problems when you are in a small company.. If you had listened to a strategy discussion two years ago we would have had totally different meanings on how to create value than we have now.. How we believe money will be generated changes constantly."

Delta tries to stimulate creativity in different ways, and recently it e.g. introduced a new business development process for this purpose.

Distribution

From the very start leadership was not distributed to a large extent because the founders had the capacity to be involved in everything. Early on, however, they started to delegate responsibility and establish a distributed leadership. The teams in Delta are today very autonomous. A manager:

> "..they work as cross-teams while top management shows much faith in the teams' own thinking. You sometimes see that people are self-organizing in the teams, or between teams. ..then you can take a step back as a leader."

4.4.2.1 Analysis of the Enactment and Distribution of Leadership

The organization pays attention to making sense of the external business context and involving the workforce in order to create a common understanding, i.e. *Sensemaking*. This is seen as particularly important as the workforce is rapidly expanding in numbers and spreading internationally. However, as the volatility in the industry and business environment is very high, there is a limit to the amount of information that should be spread and to whom, it's a balance.
There is a general pattern of on-going activities in the area of internal relationship building, i.e. *Relating*, which is highly prioritized. This is motivated by the internal interdependence between teams, the large share of workforce being newly hired due to rapid growth in headcount, the geographical dispersion of offices, and a need to attract highly skilled people in large numbers by having an attractive internal climate.

Visioning is seen as very important in the company in order to guide and motivate the workforce. It is also seen as difficult to develop a long term vision as a startup is experimenting with its business and what to offer the customers. The management team develops the vision in Delta and suggests to the founders. Anyone in the company is welcome to influence the process e.g. by communicating ideas with the management team.

Finding new ways to realize the vision, i.e. *Inventing*, is seen as very important in Delta as the industry and the company's view on how money will be created in the industry changes constantly.

From the very beginning the founders could be involved in everything, but as soon as the team

grew, responsibility and leadership was distributed. Today Delta is to a great extent characterized by team organization. Teams are very autonomous, sometimes self-organizing, so that formal leaders can take a step back. Initiatives from employees to informally influence leadership processes are encouraged by the company.

Case Summary

Delta was founded by two experienced entrepreneurs; its workforce has grown rapidly, and they have expanded internationally. Leadership has from early on been *systematically distributed* and the company is focusing on all of the leadership areas *Sensemaking*, *Relating*, *Visioning,* and *Inventing*. The company is today characterized by *decentralization* and *team organization*. The structure is reasonably clear and processes are in place. *Employees are encouraged to informally influence leadership processes*; and are doing so. The company is according to our assessment in a smooth growth phase without the clear fluctuations that Greiner's model postulate, and has long ago passed the stage where a first *Crisis of Leadership in the Creativity phase* according to Greiner (1998) would occur. Hence, Delta has managed to *leave the Creativity phase* and *enter a Direction phase* without any, to us noticeable, prominent Crisis of Leadership.

4.5 Epsilon

Company Information

Epsilon was started by two experienced and successful entrepreneurs eight years ago. Their service has a global market and the company boasts an impressive growth. The last few years it has also had considerable revenues and profits. The company has a workforce of about 100 people, representing numerous different nationalities. The two founders of Epsilon have today left their management positions, but still have engagements in the company.

Interviewees

The four people interviewed were the Chief Executive Officer (CEO), the Chief Technology Officer (CTO), the Chief Marketing Officer (CMO), and the a Support Manager. None of the interviewees are founders, but are well informed of the development and leadership processes in Epsilon.

4.5.1 Evolution of Leadership

The founders aimed at commercializing a service intended to disrupt an international market. The organization grew rapidly, but the founders, however, did not focus to a high degree on leadership processes. The company experienced financial difficulties after a few years, i.e. during the global financial crisis starting 2008. About half of the workforce had to be fired, and offices were closed down. A Manager:

> "If you grow very quickly in staff and you don't have the structure and good leaders around you.. Almost all of these problems are people problems, and not caused by financial issues or growing. It is because people haven't spent the time to think and plan, and to make up strategies on how to deal with it."

Another manager recalls lack of clarity regarding division of responsibilities:

> "I think it was confusing [when I joined], we didn't know who was in charge here or there.. because that information was not shared. Everyone acted as leaders, but then when you spoke to them about a problem they just said 'sorry I don't have the authority to change this, I don't know who does'."

A new CEO was recruited and introduced structure, order, and processes in the company. The company went towards more centralized leadership during a couple of years. After a period there was a felt need in the company to decentralize, and last year there was e.g. a decision to focus on establishing self-managing product teams.

4.5.1.1 Analysis of the Evolution of Leadership

Epsilon grew quite fast but without a high focus from the founders on leadership and structure. During the financial crisis starting 2008 the company got into serious financial trouble and had to fire half of its workforce and close down offices. A new CEO was recruited who introduced clear values, structure, order, processes and distribution of leadership in the company, all welcomed by the employees. Presently, the company tends to be in a phase characterized by decentralizing.

We assess that the company, which has been commercially quite successful over the last years, after a *Creativity phase* with limited focus on structure and leadership, may have had a serious *Crisis of Leadership* at the end of the Creativity phase according to Greiner's (1998) theory. At the time when the new CEO entered the company and introduced structure, processes, and distribution of leadership, Epsilon may have transitioned to the second growth phase *Direction* in Greiner's model. Although the company does not seem to have experienced a very serious second revolution, a *Crisis of Autonomy*, they might now be on their way into the third growth phase; called *Delegation* in Greiner's model, as they are delegating, growing rapidly and are financially successful.

4.5.2 Enactment and Distribution of Leadership

Sensemaking

There is a unity among interviewees in Epsilon that a common understanding of the highly volatile business context among employees is important. A manager:

> "..if you don't have a common understanding, I see a company in front of me where people do not understand their roles and the whole picture; where you do your job just to get paid."

There are both formal and informal processes involved in the organization's understanding of the external environment. Among formal processes is a comprehensive, companywide business planning process, carried through twice a year. Important context information, feeding into the business planning, is collected by the marketing department; by a number of external research companies; and by the customer support team that regularly carry out research on the own company's and on competitors' customer's satisfaction. This information is processed and validated by the different teams in the organization. Other activities are e.g. information sharing where everybody can participate via online media.

Relating

Internal relationship building is highly prioritized in Epsilon, the company also has a particular strategy and budget for this area. A manager:

> "..the better we are in communicating, enjoying each other's company, and the more we respect each other, the better we will be at running our company"

Another manager emphasizes the importance of internal relations for job satisfaction:

> "When you ask people about what makes their job fun, a lot of the times they say 'it is the co-workers'; the personal relations, they really make a big difference"

Both the company's PR- and Communication-team, and its Human Resources department are systematically active in enabling internal relations through extensive programs and activities. In addition, all formal leaders have responsibilities regarding relationship building stated in the company's vision and set values. The rapid growth of the organization does, however, make it difficult to maintain personal relations with everyone.

When it comes to networking and building relations externally, the marketing department and the CEO are particularly active, but also others engage.

Visioning

All interviewees in Epsilon see it as crucial to have a common vision among the personnel, and that the company devotes a focused effort on establishing one. A manager:

> "..our vision is a motivational subject, it is something we feel passionate about.. ..we take our values seriously, internally and externally. We come here and work harder than most people, for less money than most people, and we do it because we are passionate about something.. If we don't have a vision, ..we might as well work for [a large enterprise]."

It is important, even a must, to create the vision together and the whole workforce have been involved repeatedly in Visioning, says a colleague. If people do not think the vision is good enough they will not join the company, particularly not a startup. Getting everyone involved, however, gets increasingly hard when the company grows in headcount.

Inventing

Finding new ways to realize the vision is seen as important and something Epsilon invests in. A manager:

> "..you need to be clear that if you want to be inventive you cannot expect creative people to just come up with new things, they have their everyday things that they need to do. You cannot expect them to just come up with things if they don't have the time and resources"

The company is e.g. composing teams from different departments to stimulate creativity. A manager:

> "..we put together teams where a developer is sitting next to a designer, next to someone in social media, and cluster them together. Usually they together are better at creating a new idea than they would be on their own."

A philosophy on the software development side of the company, where many are involved in Inventing, is to test many ideas. A manager:

> "if you fail, you should fail fast!"

Distribution

Initiatives from employees to influence leadership processes are supported in Epsilon. A manager:

> "I always encourage my people to take initiatives.. And they can do it, not only in our team but also in other teams"

The climate in the organization is informal. A manager says:

> "Here you may discuss anything with anyone, which maybe is not very common in companies outside of Sweden. Here you can bypass your manager and talk to your managers' manager if you want, and not even your manager will object."

The situation has, however, sometimes been stressful, due to rapid growth. The company, with the new CEO, restructured the departments to solve the problems by establishing clear areas of responsibilities.

4.5.2.1 Analysis of the Enactment and Distribution of Leadership

There is currently a considerable focus in Epsilon on continuously making sense of developments in the external business context and spreading it to the workforce in order to create a common understanding, i.e. *Sensemaking*. Information is systematically spread through various formal and informal activities. The company also encourages employees to take own initiatives and contribute to the Sensemaking process themselves.

Furthermore, the company is strongly focusing on having continuous development of relations internally among its multicultural workforce, i.e. *Relating*. They have also developed a formal strategy and budget for this area which is seen as a fundamental for the business to succeed. A particular challenge is to maintain an attractive work climate where people know each other and have positive relations while the workforce is growing rapidly. In the external networking and relationship building the marketing department and the CEO are particularly active.

It is seen as very important in the company to have a common vision and Epsilon is focusing on establishing and maintaining one, i.e. *Visioning*. The vision in the case of Epsilon is both a motivational subject for the workforce and important to make potential recruits really interested in the company. The new CEO introduced a structured Visioning process in which he wants broad participation. A management team of eight people in total is involved, and a large part of the workforce has been influencing the process through an array of activities.

It is in Epsilon important to find new ways to realize the vision, i.e. *Inventing*. This is something the company focuses on and invests in. Time and resources are set aside in order for people to develop ideas, e.g. in cross-functional teams composed just for this purpose.

During the first years, the company's formal leadership structure was unclear which was experienced as problematic internally. The company has presently, however, with its new CEO, introduced a reasonably clear hierarchy which is very flat. There is also an outspoken focus in the company to really see, listen to, and respect each employee. Everyone is encouraged to participate in and influence the leadership process.

Case Summary

Behind Epsilon were two experienced entrepreneurs and skilled businessmen. The company grew fast, but during the first couple of years the founders did not pay much attention to issues such as leadership, structure, and order. During the financial crisis starting 2008 the company got into serious financial trouble and had to fire half of its staff and close down offices. A new CEO came in and introduced structure, order and processes. A reasonably clear and flat hierarchy was established and the *leadership can now be characterized as distributed* in all of the dimensions of *Sensemaking*, *Relating*, *Visioning*, and *Inventing*. During the last couple of years the company has been quite successful.

We assess that Epsilon may have been in a serious *Crisis of Leadership* Greiner's (1998), when the new CEO came in. Although the company does not seem to have experienced a serious second revolution, i.e. a *Crisis of Autonomy*, it might now be on its way into the third growth phase; called *Delegation* in Greiner's model.

4.6 An Overview of the Cases

To summarize the individual case analysis, we present an overview of our main findings in the table "4.1 Case Overview" below:

CASE OVERVIEW	Alpha	Beta	Gamma	Delta	Epsilon
Workforce	10	14	20	150	100
Evolution of Leadership					
Development Phase	Creativity phase	End of Creativity phase	In the Direction growth phase	In a growth phase without stronger fluctuations	Elements of both Direction and Delegation growth phases
Crisis of Leadership	No indications of crisis	Presently in a Crisis of Leadership	Have had a mild Crisis of Leadership	No indications on a Crises of Leadership	Had a difficult Crisis of Leadership
Enactment and Distribution of Leadership - presently					
Sensemaking	Prioritized and focused effort	Efforts by founders and to communicate with workforce	Prioritized and focused effort	Prioritized and focused effort	Prioritized and focused effort
Relating	Prioritized and focused effort	Not highly focused	Prioritized and focused effort	Prioritized and focused effort	Prioritized and focused effort
Visioning	High awareness, difficulties to formulate on long term	Founders have vision; split vision among workforce	Prioritized and focused effort	Prioritized and focused effort	Prioritized and focused effort
Inventing	Activities but not clearly focused	Seen as important but limited activities due to finance	Prioritized and focused effort	Prioritized and focused effort	Prioritized and focused effort
Distribution of Leadership	Responsibilities distributed, focus on involvement of workforce in leadership processes	Mixed picture. CEO micromanaging, overriding areas of responsibilities; mixed with some distribution of leadership	Distributed within flat hierachy; whole workforce encouraged to influence	Distribution of leadership, decentralization, team organization, involvement of and influencing by workforce in leadership processes	Clear structure and processes combined with distribution of leadership. Involvement of and influencing by workforce in leadership processes

Table 4.1 Case Overview

PART II – Comparative Case Analysis

In this part of the analysis, we compare the studied case companies in order to recognize patterns across the cases, and draw conclusions. The five studied companies have existed between four to eight years. The section is structured in two steps, first according to our operationalized research questions, and then according to findings beyond the research questions.

4.6 Evolution of Leadership

We have earlier in the analysis chapter assessed in what stage the companies may be compared to Greiner's (1998) growth theory.

Alpha is in the initial stage; the *Creativity phase*. The second smaller company, Beta, is presently in the end of the *Creativity phase* and in the middle of a *Crisis of Leadership*, while Gamma has passed the initial stage, had a mild *Crisis of Leadership* and is now somewhere in the beginning of the second growth phase, *Direction*.

The first of the larger companies, Delta has passed the *Creativity phase* and is now in a growth phase reminding of the third phase of *Delegation* without having experienced a *Crisis of Leadership*, while the other larger company, Epsilon, has passed the *Creativity phase*, had a serious *Crisis of Leadership*, is presently passing the second stage; *Direction*, and seems to be on its way into the third growth stage in Greiner's theory; i.e. *Delegation*.

In his 1998 commentary (Greiner, 1998) of his original theory published in 1972, Greiner state that four basic points still seem valid about the model.

The first is that major phases of development in the life of growing companies still can be observed, lasting between three to fifteen years each. We have observed a *Creativity phase* for all companies, a *clear Crisis of Leadership* in two of the companies, a *mild Crisis of Leadership* in one company, and in the fourth company, Delta, we have *not observed a Crisis of Leadership* despite they may have entered and passed by the *Direction phase* of growth. Thus, in summary, our empirical findings support Greiner's first point; that major phases of development in the life of growing companies can still be observed. The length in time of the major growth phases in these volatile external business contexts *may sometimes be less than three years* according to our data, e.g. the *Creativity phase* of Gamma, Delta and Epsilon seems to be closer to two years rather than three years long. Greiner (1998, p. 8), however, also comments that *"The growth rate of the industry seems to*

determine the phases' length".

The second of Greiner's points is that *"transitions between developmental phases still do not occur naturally or smoothly, regardless of the strength of top management. All organizations appear to experience revolutionary difficulty and upheaval,.."* (Greiner, 1998, p.8). This postulation corresponds wholly with our findings for only two of the five companies, Beta and Epsilon; in between the *Creativity phase* and the *Direction phase* was only a *mild Crisis of Leadership* for Gamma, so this *transition* occurred relatively smoothly. And our data for Delta may indicate a natural and smooth *transition* from the *Creativity phase* and into a *Direction* growth phase without a very noticeable *Crisis of Leadership*. Alpha has not yet gone through transition.

We will not comment on the third and fourth of Greiner's points as we do not have data that can support, nor contradict these statements. The third and the fourth points are respectively: That managers have difficulties to understand that an organizational solution introduced by them personally in one phase will eventually lead to a revolution; and that the greatest resistance to change appears at the top of the organizations.

4.7 Enactment and Distribution of Leadership

Sensemaking

All companies show a focused effort on *Sensemaking* from the start of the company and forwards. Three of them did also start distributing Sensemaking in a focused way when employees joined; Alpha, Gamma and Delta. The company Epsilon, where founders themselves focused on Sensemaking from start, began to distribute Sensemaking in a concentrated way with their new CEO, after about three years, when many new employees already had joined. The founders of Beta paid lots of attention to Sensemaking from start, but the company has not yet distributed these activities in a focused way.

Relating

Three out of the five companies, Alpha, Gamma and Delta show a strong focus on *Relating*, particularly on building internal relations, from the time when the first employees joined and onwards. Epsilon and Beta, on the other hand, did not. Epsilon started to focus on a distributed internal relationship building with their new CEO, while Beta not yet has done this.

The five case companies presently focusing on *Relating* are putting considerably more emphasis on creating close personal relationships through a variety of social activities and events compared to Ancona et al., (2007) where Relating is purely oriented towards interaction in work situations.

Visioning

In Alpha, Gamma and Delta the *Visioning* activities have been focused from start and began to be distributed from the time employees joined. In Epsilon, distribution of Visioning began to be focused with the new CEO, i.e. after about three years. In Beta Visioning is still an activity for mainly the CEO and the founders; there are tendencies to distribute some Visioning to employees in this company, but we would not categorize it as a focused effort.

Inventing

Inventing activities started to be distributed in a focused way in Gamma and Delta when employees joined, and they still very much are. In Epsilon a focus on distributing Inventing activities started after the new CEO joined. In Beta there has been a focused effort on Inventing activities, but they have not yet been distributed in a focused and systematic way. Finally, in Alpha there is yet not much focus on Inventing which may be caused by their early stage of vision development.

Distribution

The *distribution of leadership* (Ancona et al., 2007) has been high in Alpha, Gamma and Delta from the stage when new employees started to join. In Epsilon a focused effort on distributing leadership was introduced by the new CEO, after about three years and onwards. In Beta, a focused effort on distributing leadership among the workforce has not yet been made.

4.8 Findings beyond the Research Questions

4.8.1 Reasons behind the Differences

It clearly stands out, that behind a pattern of *focused, distributed leadership* in all, or most, of the researched leadership dimensions is a conscious and concentrated effort by the executives. In Alpha and Gamma there is a unity between founders and the CEO on this approach of applying leadership. In Delta the founders had this focus from early on, and in Epsilon it was introduced by the new CEO and his board. In Beta, there has not been unity between founders on leadership policy and the strong CEO has not applied ambitious distributed leadership, motivating with financial pressure that the company has been under.

4.8.2 Leadership and Phase Transitions

In his commentary, Greiner (1998, p. 8) writes that *"..all organizations appear to experience revolutionary difficulty and upheaval.."* between development phases. One of our cases, Delta, may

however contradict that statement. Despite having long ago entered a growth phase following the *Creativity phase*, the company has not had a very noticeable *Crisis of Leadership*. An alternative interpretation, supporting Greiner's statement, would be that Delta is still in the *Creativity phase* despite its structured distributed leadership and its 150 employees. Another case company, Gamma, may have had a mild *Crisis of Leadership* and then entered the *Direction* growth phase. An explanation of the relatively smooth and non-dramatic transition between phases for Delta and Gamma could be the focused distributed leadership in all leadership dimensions of *Sensemaking*, *Relating*, *Visioning* and *Inventing* that we have noticed.

4.8.3 Crisis of Leadership in Startups with Entrepreneurial Teams

According to research, lone entrepreneurs in general have often difficulties to delegate responsibilities which may be detrimental for the development of the organization (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011). The situation is however generally different in new ventures started by teams "..where a distributed approach to leadership is inculcated into the organization from its initial stages" (Ensley et al., 2002, referred in Cope et al., 2011, p. 276). We have not found research on *leadership crises in startups led by entrepreneurial teams*. We have, however noted a *Crisis of Leadership* in three out of the five cases, one of the crises is mild, indicating that also startups led by *entrepreneurial teams* may often experience this kind of hardship. In Gamma, who experienced a mild *Crisis of Leadership*, the entrepreneurial team of five individuals worked very closely together the first year, practising what may be characterized as shared leadership with consensus decision-making. When the first employees entered the company the collective pattern of leadership where 'everyone intervened in everything' was increasingly inefficient. Finally, when the company was exposed to financial pressure from investors, the founders introduced, with *the same CEO*, a focused effort on distributing responsibility and leadership. A difference in this case, compared to Greiner's (1998) theory is that *the CEO maintains her job*, and is successfully implementing the new approach to leadership.

In Beta, which we assess may be in the middle of a *Crisis of Leadership*, the founder team consists of three individuals living and working in different countries. There is no unity between the founders on how to approach leadership. The CEO micromanages and is displaying distrust within the workforce, while another founder has a delegating and trusting leadership style. The CEO explains his sometimes blunt and micromanaging approach with the financial strain the company is, and has been, under. He says that there is no room for mistakes and that he therefore needs to make things sure in every detail.

In Epsilon's case, the crisis occurred during a global financial crisis, and after a period of rapid

company growth. The founder team consists of two experienced entrepreneurs. They did however not pay very high attention to building and leading the organization. A new CEO was installed who introduced structure, order, processes and distributed leadership, and the company went into a growth phase reminding of the Direction phase in Greiner's model.

A main common theme in these crises is *financial pressure which put the spotlight on shortages in the leadership of the startups.*

4.8.4 Reasons behind Shortages in Leadership with Entrepreneurial Teams

In the case of Gamma the scenario behind the *Crisis of Leadership* looks in some respect similar to what is described regarding *lone hero entrepreneurs*, i.e. difficulties and fears related to delegating responsibilities (Kempster and Cope, 2010; Perren and Grant, 2001; Cope et al., 2011). This may also be the case regarding the crises in Beta and Epsilon.

In Beta, the founders have always co-worked from a distance, with the CEO as a main owner and dominating leader. Thus they have had little time working face-to-face, which may have contributed to that the founders have not yet developed a common view on leadership. The CEO himself and one founder also attribute the differences in views on leadership to different personalities, i.e. that the CEO has a charismatic personality with little need of close interpersonal relations with his staff. This is, furthermore, a case where *financial pressure directly may have caused a Crisis of Leadership* as there, according to the CEO, not has been enough financial room for leadership activities.

In the third case with a *Crisis of Leadership*, Epsilon, the reason behind weak leadership seems simply to be too little focus on people and leadership by the two founders.

The pattern as a whole in the four case studies also implies that skills in leadership may play a role. In cases and situations where *distributed leadership is implemented, leadership crises seems to be avoided*, e.g. Delta, and companies may turn more successful, e.g. Gamma, Epsilon.

4.8.5 Sensemaking and Relating vs. Visioning and Inventing

Our study confirms the internal relationships between Sensemaking, Relating, Visioning, and Inventing described by Ancona et al., (2007). *Sensemaking* and *Relating* creates a foundation for *Visioning* and *Inventing*. We can see in our cases that *with weaker Sensemaking, and particularly weaker Relating, also Visioning and Inventing tend to be weaker.* A clear example is Beta, where *Relating* is weak and the CEO's attempts to create internal unity around his vision have been unsuccessful.

5. CONCLUSIONS

Our conclusions are presented with reference to the theoretical framework outlined in the Literature Review (see 2.2), and organized according to our operationalized research questions. The conclusions are hypothetical due to the explorative nature of our study.

5.1 Concluding Remarks on the Research Questions

Our research question is: *How is leadership evolved, enacted and distributed in tech startups?*
We then operationalized the research question in two sub-questions that we will respond below.

5.1.1 How does the Leadership Evolve in a Tech Startup?

Parts of Greiner's (1998) theory of growth phases may according to our research apply at the early stages of a tech startup:

Data indicate a *Crisis of Leadership* in three out of the five researched cases, partly supporting the theory in the sense that crises take place in this category of companies. We have also observed at least one major development phase in each of the researched companies that corresponds with a growth phase in Greiner's framework.

There may be different reasons behind a Crisis of Leadership in tech startups, including long-lasting financial strain, and it is often weak finances that reveal weaknesses in leadership.

Greiner states that *transitions* between phases are always experienced as a revolutionary upheaval. We have however indications that transitions sometimes occur smoothly in tech startups so that e.g. a Crisis of Leadership may take place in a smooth way or not at all.

We do also conclude that a smooth transition between development phases may be the result of certain leadership from the executive level. This is a result that contradicts Greiner's update of his theory in 1998 where he writes; *"transitions between developmental phases still do not occur naturally or smoothly, regardless of the strength of top management."* (Greiner 1998 p. 8)

5.1.2 How is Leadership Enacted and Distributed?

Most tech startups might at an early stage establish an entrepreneurial team that exercise some form of shared leadership.

The leadership dimensions and activities *Sensemaking, Relating, Visioning,* and *Inventing* are seen as critical from the very beginning in most tech startups, but the distribution among managers and personnel, as involvement and participation of the entire workforce in leadership processes is

seen as a key to long term success in many tech startups. Brown and Gioia (2002) reports corresponding research results from e-commerce where effective leadership depended on multiple leaders for decision-making and action-taking, and where leaders and followers share the process of enacting leadership.

When the workforce of tech startups grows they tend to focus on introducing distributed leadership in all of the leadership dimensions of Sensemaking, Relating, Visioning, and Inventing, combined with encouragement of employees to influencing leadership processes formally and informally.

The attention to leadership in tech startups is often motivated by a need to build coherent, efficient organizations from scratch that rapidly deliver intended internationally ground-breaking results in the forms of product development and commercial success in a highly volatile business context. Furthermore, doing so whilst attracting important constituencies; particularly highly talented potential employees, resourceful investors, and attractive customers.

5.2 Additional Findings

We have not found earlier research on leadership crises in startups with entrepreneurial teams as previous research focuses on leadership crisis in companies led by a leader. In three of our five researched case companies, all lead by entrepreneurial teams, we have however found indications on leadership crises.

We have, furthermore, found *different types of Crisis of Leadership* in startups with entrepreneurial teams; one startup having a founding team with shared, collective leadership that had difficulties to delegate responsibility when the workforce grew; another startup where the founder team spent very little time together, have different approaches to leadership, are under constant financial strain, and where the main founder hesitates to let go of responsibilities; and a third crisis where the founder team paid too little attention to leadership and structure. A main and common theme in these crises is financial pressure putting the spotlight on shortages of the leadership in the startups.

Our study confirms the observation by Ancona et al., (2007) that the leadership dimensions *Sensemaking and Relating* creates a foundation for *Visioning and Inventing.* Our data indicate, furthermore, that internal relationship building is particularly important as it contributes to establish a necessary foundation of trust between people.

6. CONCLUDING DISCUSSION

Our study is empirically based and conducted in an area where limited research has taken place. The outcome is findings within a broad field. The discussion starts with presenting the more empirical contributions followed by contributions that may be more theoretical.

6.1 Empirical and Theoretical Contributions

We have studied the evolution, enactment and distribution of leadership in a tech startup context. The study makes an empirical contribution as there is a dearth of research that explores leadership in context generally (Currie et al., 2009; Liden and Antonakis, 2009), particularly within the small- and medium-sized company context (Cope et al., 2011); and even less regarding distributed leadership and entrepreneurial teams within established small businesses (Sapienza et al., 1991).

There is in research also very little empirical understanding of how the crisis of leadership is addressed (Cope et al., 2011), an area being covered in our study.

A third empirical contribution is that our study is based on research of the lived experience of both entrepreneurs and employees; an area of research that Cope et al. (2011) asks for.

Furthermore, entrepreneurship research remains a "mono-method" field being reliant on mailed surveys and related questionnaire-based approaches (Cope, 2005). This study, based on qualitative method, may contribute to a better balance between quantitative and qualitative research within entrepreneurship research.

We have also contributed empirically by having carried out our leadership study on tech startups which, as presented in the introduction, constitute an important and growing part of companies globally, and we are not aware of a qualitative study of the process of leadership in this category of companies.

Another empirical contribution is that the study is limited to tech startups in the Stockholm

region, making it possible to compare these startups with companies from other regions in future research.

In an article where Greiner (1998) updates his growth phase theory, originally from 1972, he writes that all organizations appear to experience revolutionary upheaval and difficulty during transitions between development phases and that such transition do not occur smoothly regardless of the strength of top management. Our research indicates, however, that transitions may sometimes occur smoothly in tech startups due to certain leadership from the executive level.

We are not aware of a study covering how a Crisis of Leadership is being addressed in small companies overall and not in a tech startup. Our study contains theoretical contribution in this area as two of the case companies experienced a leadership crisis and addressed it in a similar way; by a focused effort on introducing and maintaining clearer structure, processes and distributed leadership. Both cases turned out successfully. In one of the companies the CEO stayed throughout the transition although Greiner in his theory postulates that a new CEO needs to take over.

We have found that a Crisis of leadership may be frequent also in tech startups led by entrepreneurial teams and not only in startups led by lone entrepreneurs. This contradicts earlier entrepreneurial research reported by Ensley et al. (2002) and Cope et al. (2011).

Knowledge on how leadership is *valued* in tech startups has been generated through our study; the leadership dimensions *Sensemaking*, *Relating*, *Visioning*, and *Inventing*, might be perceived as very important from the early beginning in tech startups; the distribution of leadership among managers and personnel may be seen as a key to long-term success in tech startups; and involvement and participation of the workforce as whole may also be seen as a key to long term success in tech startups. This is a contribution as we have not seen such results reported in earlier research.

Knowledge on how leadership is *enacted* in tech startups has also been generated, and this is a

contribution as we have not observed this knowledge it in earlier research; as tech startups grow they may focus on introducing distributed leadership in all of the leadership dimensions *sensemaking*, *relating*, *visioning*, and *inventing*, combined with encouragement of employees to influence leadership processes formally and informally; and it seems to be particularly detrimental for a tech startup to not focus strongly on internal relationship building.

Also knowledge of *motives* behind the attention to leadership in tech startups has been generated; the attention to leadership is motivated by a need to build a coherent, efficient organization from scratch that rapidly delivers results in a highly volatile business environment, and that attract important constituencies, particularly talented potential employees, investors, and customers.

We have made findings that might not be direct answers to the research question:

According to Cope et al., (2011), there is very little empirically based understanding of how the crisis of leadership is addressed. We have not found a study focusing on leadership crisis in entrepreneurial teams and particularly not in tech startups. In our study we report how two cases of a crisis of leadership have been addressed.

We have, furthermore, not found research reporting *different types* of Crises of Leadership in startups with entrepreneurial teams. We are reporting three empirically based leadership crises having different backgrounds and being played out in different ways.

Finally, our study confirms the notion by Ancona et al., (2007) that the leadership dimensions and –activities *sensemaking and relating* creates a foundation for *visioning and inventing*. We agree, and add to the notion that *internal relationship building* may have a particularly important role as such activities may establish trust within the workforce which is critical in tech startups.

6.2 Practical Contributions for Entrepreneurs

On a practical level, this study contributes with empirically based knowledge on evolvement, enactment and distribution of leadership in tech startups. Our results inform entrepreneurs on the role of leadership in tech startups, important characteristics of leadership, and how appropriate leadership may be approached and maintained.

In our study we have found that the leadership activities *Sensemaking and Relating* creates a foundation for *Visioning and Inventing*. There are often particular circumstances in a tech startup; such as a rapid growth in workforce and a highly volatile business context, mirrored in our research. Inventing is critical to survive in volatile business context, and creating a long-term vision can be perceived as challenging since the future is not always clear in tech startups. Therefore, entrepreneurs should focus on *Sensemaking* and *internal relationship building* from an early stage as this makes the *Visioning* and *Inventing* easier and thereby improves leadership as a whole.

An implication of the study is that entrepreneurs in tech startups may focus on establishing focused distributed leadership in all of the dimensions *Sensemaking, Relating, Visioning,* and *Inventing*, combined with involvement and participation of the whole workforce in leadership processes, in order smoothen or avoid a *Crisis of Leadership*, and also to smoothening future transitions between growth phases.

6.3 Limitations to Contributions

There is some limitation in the theoretical framework we have applied.

Greiner' growth stage theory, which is a part of our theoretical framework has, as well as other growth stage theories, been questioned (see Chapter 2.5.3).

The approach we have used to study leadership, based on work by Ancona et al., (2007), is focusing mainly on leadership as a process, leadership activities and their distribution. The role of entrepreneurs' individual leadership qualities skills may therefore be underestimated in our study.

Furthermore, due to the retrospective nature of parts of our interviews, historical interview data may be distorted, consciously or unconsciously, as an interviewee may present facts and events in a subjective way.

6.4 Generalizability

Our study is explorative; the conclusions have a hypothetical character and are intended to be explored further in future research. As the companies studied are all based in Stockholm, although the workforces are multicultural and international, there may also be cultural factors

limiting the generalizability of the study to other geographies. However, there could be some generalizability of the study to tech startups in the Stockholm area, despite the limited number of case companies, as there are close bonds, continuous networking, and exchange of experiences between startups in this region.

6.5 Areas and Suggestions for Further Research

A first suggestion for future research is to carry out studies similar to ours in other tech start-up geographies; our results may then be tested and culture-specific patterns may be revealed.

We would also like to see more comprehensive qualitative and/or quantitative studies, that would test our hypothesis that a focus on ambitious distributed leadership may make it possible to smoothen and even avoid a Crisis of Leadership and also difficulties during other transitions between growth stages in tech startups.

A quantitative study carried out in the Stockholm region and internationally to further test our hypothetical research results would be interesting.

A comparative study between tech startups and startups in other industries to map out to which extent leadership might differ or correspond.

Finally, a comparative study between tech startups and tech companies that have left the startup stage is suggested; the purpose would be to identify possible future leadership difficulties, and ways to overcome them, for early stage entrepreneurs.

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8. APPENDICES

8.1 List over Case Company Interviewees

Company	Position	Interview method, Estimated time, Date
Alpha	CEO/Founder COO/Founder Head of Business Development	Direct interview, 60 min, 2014-04-23 Direct interview, 60 min, 2014-04-28 Phone interview, 50 min, 2014-04-25
Beta	CEO/Founder Head of Business Development/Founder Software Developer Head of User Experience	Direct interview, 115 min, 2014-04-05 Direct interview, 60 min, 2014-04-11 Direct interview, 75 min, 2014-04-04 Direct interview, 60 min, 2014-04-02
Gamma	CEO/Founder CTO/Founder Software Developer Head of Sales	Direct interview, 60 min, 2014-04-10 Direct interview, 70 min, 2014-04-14 Direct interview, 70 min, 2014-04-15 Direct interview, 60 min, 2014-04-01
Delta	CRO/Management Team Head of Product Communication Manger Sales Manager	Direct interview, 50 min, 2014-04-01 Direct interview, 60 min, 2014-04-10 Direct interview, 90 min, 2014-04-07 Direct interview, 60 min, 2014-04-22
Epsilon	CEO/Management Team CTO/Management Team CMO/Management Team Support Manager	Phone interview, 40 min, 2014-04-03 Direct interview, 80 min, 2014-04-09 Phone interview, 40 min, 2014-04-11 Direct interview, 80 min, 2014-04-09

Abbreviations:
CEO - Chief Executive Officer
CTO - Chief Technology Officer
CRO – Chief Risk Officer
CMO – Chief Marketing Officer

8.2 List over Expert Interviewees

Company	Interviewee	Position	Interview method, Estimated time, Date
Almi	Thor Khilberg	Investment Manager	Direct interview, 30 minutes, 2014-04-28
GP Bullhound	Carl Wessberg	Vice President	Direct interview, 30 minutes, 2014-04-28
Sup46	Jessica Stark	Chief Executive Officer/Founder	Direct interview, 30 minutes, 2014-04-16

8.3 Interview Guide

1. **Mapping of Interviewee profile**

    a. What is your educational background?
    b. How many years have you been in the company?
    c. What are your earlier positions
        - Internal?
        - External?
    d. What is your present position and work content?
    e. What are your reporting relationships?
    f. What are your working relationships?

2. **Questionnaire** (see appendix 8.4)

Semi-structured Interview Questions:

3. **Sensemaking**

This area is about creating a common understanding of the external environment in which your company and its people operate.

a. Are you influencing this understanding in the company?
Tell about an example! What? When? How? Etc.
b. Are others in the company influencing it?
Tell about an example! What? When? How? Etc.
c. How has it evolved from the company's start until now?
Who were involved? Changes? When, what happened then? Etc.
d. How satisfied are you with this in your company?

4. **Relating**

This area is about building trusting relationships internally in the company.

a. Are you active in relationship building and networking?
Tell about an example! What? When? How? Etc.
b. Are others in the company doing this?
Tell about an example! What? When? How? Etc
c. How has it evolved from the company's start until now?
Who were involved? Changes? When, what happened then? Etc.
d. How satisfied are you with this in your company?

- What does the relationship dynamics between the tech side and other functions in the company look like?

- This is also about relationships, but rather about the interaction with external stakeholders.

    a. Who are they?
    b. How do they affect the company?

5. **Visioning**

This area is about creating credible and compelling images of a desired future that people in the company want to create together.

a. Are you active in this?
Tell about an example! What? When? How? Etc
b. Are others in the company doing this?
Tell about an example! What? When? How? Etc
c. How has it evolved from the company's start until now?
Who were involved? Changes? When, what happened then? Etc.
d. How satisfied are you with this in your company?

6. **Inventing**

This area is about creating new ways of approaching tasks or overcoming serious problems to turn visions into reality.

a. Are you active in this?
Tell about an example! What? When? How? Etc
b. Are others in the company doing this?
Tell about an example! What? When? How? Etc
c. How has it evolved from the company's start until now?
Who were involved? Changes? When, what happened then? Etc.
d. How satisfied are you with this in your company?

7. **Distribution of Leadership**

This area is about the distribution of influencing goal setting and goal achievement among organization members.

a. Tell us about the leadership in your company, how is it [distributed] today?
b. To what extent can individuals (including non-formal leaders) depending on e.g. situation, problem, or skill, take own initiatives and lead?
c. How has it evolved from the company's start until now? + Example
d. How satisfied are you with this in your company?

Only for the founders/members of the management team

e. Do you consider that you were all a team when you started or were there someone/ones that were more in the forefront driving the company?

8. **Clarifying Questions**

a. How would you in your own words characterize the leadership style in your company?
b. The culture of your company?
c. Have you sometime had a leadership crisis in the company, i.e. difficulty for management to cope with their job because of firm growth?
d. Do you have any role model when it comes to leadership?
e. As you see it, what are the reasons behind the characteristics of the leadership in your company?

9. **The Start-up Scene in Stockholm**

a. Do you interact with other startups in Stockholm?
b. In what way do you interact?
c. Is Stockholm an attractive city for a tech start-up?

8.4 Questionnaire

Please rate for each dimension its importance for the business success of your company and then explain why you think so.

1. **Leadership as a whole**

Not important *Very important*
1 *2* *3* *4* *5*

2. **Creating a common understanding in the company of the ***external*** business environment**

Not important *Very important*
1 *2* *3* *4* *5*

3. **Building and developing trusting relationships ***internally*** within the company**

Not important *Very important*
1 *2* *3* *4* *5*

4. **Creating credible and compelling images of a desired future that people in the company want to create together**

Not important *Very important*
1 *2* *3* *4* *5*

5. **Creating new ways of approaching tasks or overcoming problems to turn visions into reality**

Not important *Very important*
1 *2* *3* *4* *5*

6. **Shared responsibility among different levels and categories within the company, also among people who are not formal leaders**

Not important *Very important*
1 *2* *3* *4* *5*

8.5 Summary of Activities

Here we present a summary of the activities that the companies engage in related to the four dimensions of Sensemaking, Relating, Visioning and Inventing.

8.5.1 Alpha

Dimension	Examples on activities
Sensemaking	- Weekly companywide meetings - Informal conversations - E-mails if it is needed to make sure everyone gets the same information - Everyone can share information through a companywide chat. The chat-format is based on the company´s service
Relating	*Internally* - Informal dinners and coffee-breaks - Employee-initiated get-togethers - Weekly lunches - After Work every Friday - In the near future, breakfast available every morning at the office - Kick-offs - Involving each other, regardless of team, in different situations, and discussions *Relationship building with external partners* - Mainly performed by the CEO and COO in regards of finding potential funding - Marketing/PR-department are responsible for customer relations
Visioning	- The vision is transmitted and discussed during vision-workshops - The vision is written down on the wall in the office to ensure it is communicated - To achieve the vision it is broken down to short-term goals which are transmitted during kick-offs every 3-6 months
Inventing	- Applies successful processes from other companies - Usage of "Thursday hacks" where everyone spends two hours to come up with new ways - Workshops to share knowledge and ideas cross teams

8.5.2 Beta

Dimension	Examples on activities
Sensemaking	- Weekly CEO-briefing - Conference and discussion with all employees every six month - Meetings every third month where investors express their view of the external environment - Skype-group and E-mail
Relating	*Internally* - Having lunch together - Companywide Skype-group - After Works - Conference every six month where all employees gather together *Relationship building with external partners* - Activities by CEO and Head of Sales - Lunches and phone calls
Visioning	- The vision is discussed during the companywide conference every six month
Inventing	- Coming up with new ideas is encouraged

8.5.3 Gamma

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Dimension	Examples on activities
Sensemaking	- Weekly CEO-briefing with following discussion with all employees - Market scanning by Marketing/PR-department - Marketing/PR-department email important information to everyone - Companywide chat room where everyone participates in sharing relevant news
Relating	*Internally* - Having lunch and coffee together - After Works *Relationship building with external partners* - CEO activities - Marketing/PR-department, Sales Team and Head of Growth initiate relationships at fares - Marketing/PR-department builds customer relations at conferences
Visioning	- Discussing/influencing the vision through companywide chat-room - If major shifts are about to occur the CEO talks to each and everyone in the firm
Inventing	- Experimenting with new things on the tech side to increase efficiency - Testing new things often with a "Trial and Error"-approach

8.5.4 Delta

Dimension	Examples on activities
Sensemaking	- Weekly team-meetings where the manager updates the team - Monthly all-hands meetings led by the CEO, international offices joins through Google Hangout - Facebook group where everyone posts relevant Information
Relating	*Internally* - Majority of the company, from the CEO to the newest employee, goes to the same gym and working out together is common - Weekly After Work - Almost everyone brings lunch to the office for lunch in common - "Web-rooms" where people "hang out" - Parties such as Christmas and Summer parties - All employees gather in Stockholm once a year for conference and relationship building *Relationship building with external partners* - Activities mainly by the founders but also sales department
Visioning	- Vision is created by founders but formulated and spread by management team during the team-meetings - Ideas can be forwarded to the management team who then forward it to the founders through meetings - Everyone can e-mail the founders
Inventing	- Introduced a business development process to focus on inventing - The teams work in two-week sprints, afterward everyone in the team discuss what can be improved - Working in cross-functional teams

8.5.5 Epsilon

Dimension	Examples on activities
Sensemaking	- Important information is emailed out by the CEO - Companywide business planning process twice a year where information collected by the marketing team is spread - Monthly information meetings with CEO - Each department shares information relevant to them in internal meetings - Usage of external research companies - Customer support team keeps the company updated about factors related to customer satisfaction - Facebook group where relevant information is shared by everyone
Relating	*Internally* - Breakfasts are arranged - After Works are arranged - Off-site gatherings and conferences - Parties such as Launch, Summer and Christmas parties - Kick-offs - Also informal get-togethers such as game night and ping-pong tournaments initiated by the employees *Relationship building with external partners* - Mainly performed by the CEO and marketing department
Visioning	- The management team is involved in creating the vision - The vision is spread by workshops, informal and formal discussions as well as activities - Most employees are involved in influencing values and creating the tools to reach the vision
Inventing	- Cross-functional teams are created who work solely with inventing new ideas and ways - Time, budget and other resources are given to ensure the inventing in the company - Workshops where everyone can come up with, and discuss new ideas - Testing new things often with a "failing fast"-approach

8.6 Interview Data Assortment, Example

Below is an example of how we sorted our data from transcriptions into themes. The table is a shorter excerpt from a compilation of interview data regarding "Sensemaking" in one of the companies studied. Quotations are ammonized.

CHARACTERISTICS; (WHAT/CONTENT & HOW/PROCESS)	**REASONING; (WHY)**
I think it depends a little bit on what part of the business you are a part of. For example, for sales or head of sales, this is very important because this directly motivates your team. But for development this becomes a little less important, because you want to understand the product more.	I think it depends a little bit on what part of the business you are a part of. For example, for sales or head of sales, this is very important because this directly motivates your team. But for development this becomes a little less important, because you want to understand the product more.
That is relatively important, it is important that the leaders know this, crucial even but not as important for everyone. It is important for all leaders, not just some	because when you get to the point where you have multiple leaders in the leadership they should not just be experts in their area, they need to understand all the other leaders in the company too and understand their issues and problems, roles and style.
We have weekly meetings where everyone in the company sit together, and also the guys from Berlin and Tokyo call in on a video link. I give an update of what is going on and what has happened and if there are any important issues we need to talk about. After that we have a free discussion and questions so that everyone can ask what they want. If there is a big or important shift in the company we need to do I use to talk to everyone in person so that everyone understand the plan and why we are doing what we are doing,. And that is something you can so when you are not too many. Today it works quite well. Once our regional offices start to grow it will be harder for me to do that. Maybe 30 people.	
The external business environment is sort of the responsibility of our sales side. So we try to do so via.. ok, two key factors: first, at all our sales meeting we expect people to write down a couple of meeting notes on what happened during that meeting, and that email goes out to the entire company with the expectations, the good parts, the bad parts and so on.	It creates, not a hundred percent but a sense of transparency. So we can actually see what's been going down. And B, participation. So that dev (development) people or the people who have been sitting by their computers all day can see "ah ok this is what our clients out there want" without actually go out there and meet them.
Second of all, we do tell our dev guys to go out, especially to the big clients, and meet them and talk to them to come along see what is happening out there.	
if there is like a big thing happening that I think is exciting and cool that the dev guys know, I just basically gather them around or to an informal meeting and try to get them excited about this. Like "there is this very cool thing happening now, maybe we can use it somehow.."	if there is like a big thing happening that I think is exciting and cool that the dev guys know, I just basically gather them around or to an informal meeting and try to get them excited about this. Like "there is this very cool thing happening now, maybe we can use it somehow.."